

THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS OF
THE BRITISH COMMONWEALTH

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Man Power and the War Peril
The British Commonwealth after Munich
Palestine The Wider Hope
America Stands with the Democracies
Problems of British West Africa
The Future in China
New Zealand Votes Labour
Dust Bowls of the Empire
Obstacles to Indian Federation
New Year in Ireland

AND THE QUARTERLY REVIEWS OF AFFAIRS IN
GREAT BRITAIN CANADA,
AUSTRALIA SOUTH AFRICA

MARCH 1939

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THE ROUND TABLE is a co-operative enterprise conducted by people who dwell in the different parts of the British Commonwealth, and whose aim is to publish once a quarter a comprehensive review of imperial politics, free from the bias of local party issues. To this is added a careful and impartial treatment of outstanding international problems that affect the nations of the Commonwealth. The affairs of **THE ROUND TABLE** in each portion of the Commonwealth are in the hands of local residents, who are responsible for all articles on the politics of their own country. It is hoped that in this way **THE ROUND TABLE** serves to reflect the current opinions of all parts about imperial problems, and at the same time to present a survey of them as a whole, in the light of changing world conditions.

THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS
OF THE BRITISH COMMONWEALTH

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MAN POWER AND THE WAR PERIL

I. COMMITMENTS AND NECESSITIES

AS this number of THE ROUND TABLE goes to press, four months have passed since the Munich agreement. In that time appeasement has not drawn nearer nor has there been any recognition either in central Europe or in the Mediterranean, whether in domestic or in foreign policy, of the obligations that devolve upon those who claim to be the heirs to ancient civilisations. By relentless pressure Germany seeks to reduce her eastern neighbours to the subjection of vassal States. By brutality and confiscation she is hoping to cast destitute upon the world more than half a million of her own citizens, and her example has rekindled the fires of racial and religious bigotry over a large part of Europe. Even a sensitive and tolerant people like the Italians find themselves, to their shame, committed in the name of the Rome-Berlin axis to the ranker forms of injustice.

To many this debasement of the human spirit, with which National Socialism has identified itself, is the most formidable of all hindrances to the re-establishment of a comity of nations. But there are others. The gains of Munich have not brought satiety to either partner in the axis. The immense armaments of Germany are being still further expanded on land, in the air and now at sea. With what object, if not in the determination to accept no agreement which she cannot dictate? German and Italian intervention in Spain has been maintained in defiance of every undertaking to bring it to an end. Outrageous claims on France are put forward by Italy, not as the price

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of her friendship, or even of her neutrality, but as something owing to the enhanced status of the claimant. Such is the Europe in which Mr. Chamberlain continues his search for appeasement, but it is also the Europe from which Sir John Anderson has warned us that war may come upon us at any time at short notice.

At a moment so critical, every one of us must ask himself not only how a war might arise in Europe in which Great Britain would be involved, but also how that war is to be won. The power of the private citizen to give an intelligent answer to these questions is limited by the extent to which his Government disclose to him the nature of their external commitments and the requirements of their strategy in men and materials. If modern war, as we are constantly reminded, strikes indiscriminately at the civilian population and at the men on active service, a special duty falls on Governments to avoid either concealment or ambiguity concerning the nature of the danger or the means of averting it. At the present time, the people of Great Britain combine a tolerably clear notion of how war may come with a perplexed uncertainty about what is required of them to forestall it or, failing that, to win it. They are in this position because the Government has told them plainly what is in its mind on the one subject, but has given them no evidence that there is anything consistent in its mind on the other.

It is over two years since the then Foreign Secretary (Mr. Eden) defined in these terms the circumstances in which we might find ourselves at war :

These arms will never be used in a war of aggression. They will never be used for a purpose inconsistent with the Covenant of the League or the Pact of Paris. They may, and if the occasion arose they would, be used in our own defence and in defence of the territories of the British Commonwealth of Nations. They may, and if the occasion arose they would, be used in defence of France and Belgium against unprovoked aggression in accordance with our existing obligations. They may, and, if a new western European settlement can be reached, they would, be used in

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defence of Germany were she the victim of unprovoked aggression by any of the other signatories of such a settlement.

Those, together with our treaty of alliance with Iraq, and our projected treaty with Egypt, are our definite obligations. In addition, our armaments may be used in bringing help to a victim of aggression in any case where, in our judgment, it would be proper under the provisions of the Covenant to do so. I use the word "may" deliberately, since in such an instance there is no automatic obligation to take military action.

There is no reason to doubt that this simple statement of our commitments would be accepted to-day by the Prime Minister and his colleagues as fully as when it was made in 1936. The nation is aware of this, and to that extent knows where it stands.

But, when once we turn from commitments to the means of meeting them, we are groping in a fog of words. We all know that with the development of air power the command of the seas no longer of itself guarantees our survival. It was natural, therefore, that the assurance of Mr. Baldwin, given as long ago as March 1934, that in air power no Government—certainly not the National Government—would allow Great Britain to remain in a position inferior to any country within striking distance of our shores, should be unanimously applauded. Yet, as the doubt whether we were attaining to parity with our strongest neighbour has changed to the certainty that we were not, we have seen, not indeed an urgent and irresistible mobilisation of our industrial resources to redress the balance, but a gradual amendment of the formula to that of an air force "adequate to our needs". It is not clear why the measure of our needs should shrink from parity as the strength of our nearest and most dangerous rival increases. We know even less of our needs in men than in machines. Successive Prime Ministers have undertaken that there shall be no compulsory service in time of peace. But the country is assured that everything is ready for the introduction of compulsion on the outbreak of war. What principle can the plain

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men deduce from such statements, if it is not that, as the race will be a marathon, it will be time for us to train when the gun is fired? Has not the Home Secretary told us that the British Empire is invincible?

In the judgment of *THE ROUND TABLE*, no such easy confidence in the adequacy of our present efforts can be felt if we examine the risks to which we are exposed and the strategic implications of our external commitments. Our ability to defend the British Empire overseas or Egypt or Iraq is contingent on the survival of Great Britain as an independent European Power of the first rank, with its navy in command of the seas and its soil inviolate. If, as we have done, we engage ourselves to defend France and Belgium against aggression, the reason is not that they, like us, are democratic nations or that, like us, they treasure the freedom of the individual or even that they were our allies twenty years ago, but that we consider their independence an essential condition of our own. We know that they are no more likely to seek conquests or to attack their neighbours than we are ourselves, and that if they were conquered and their independence destroyed by an aggressor Power the tenuous margin of our own safety would vanish. An enemy facing us across the Channel—and every aggressor nation is by definition our enemy—would constitute an intolerable threat to our existence. It is because we feel this in our bones that we have committed ourselves to the defence of France and Belgium.

If we ask ourselves from what quarter an attack might come that would endanger the independence of France or Belgium, and with it our own, it is clear that the answer can only be from Germany. That the war might have its origin in Italian aggression in the Mediterranean or in French resistance to Italian demands is for the present purpose immaterial: it would be a critical struggle for the western Powers only if Germany were aligned against them, and if with their joint population of some 80 millions they were confronted with the same number of Germans, free

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perhaps for the first time in their history as a nation to fight on one front, and probably reinforced by 40 million Italians. When every allowance is made for the internal weakness of the dictatorships, for their precarious finances, their lack of foreign resources, the dislike and distrust of the régime among sections of the population, it is incontestable that the mere weight of numbers in the German army, the preponderance of the German air force and the organised strength of German industry constitute a formidable danger. In face of it we cannot rest until we are satisfied that our power to defend France, and through France ourselves, is such as to deter any aggressor who is still capable of sane calculation and to repel those whom the gods have made mad. Can we reasonably claim to be in that position to-day, to have so organised our industrial resources and above all our man-power as to be able to meet any demand that may be made on us? As between France and ourselves, can the present division of effort in a common task be regarded as stereotyped and inevitable, or is it merely provisional and unsatisfactory?

II. NATIONAL SERVICE FOR ALL

IN answering these questions, few of us are likely to underestimate the peculiar features of our situation in Great Britain. We are not and can never be a self-contained community, and we must find men and equipment for a supreme navy, a large merchant marine and the manufacture of goods for export. We have increasing responsibilities in all parts of the world, which compel us to maintain a small but highly trained long-service professional army. We need an adequate force to protect Great Britain against attack from the air and against a possible invader. As we are predominantly an industrial community, a disproportionate part of the burden of equipping our own forces and those of our allies is always likely to fall on us. But, when all this is said, there remains the inescapable fact

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that, if the defence of France and Belgium is indeed vital to our security, one of our own front lines is their frontier with Germany, and one of our first duties is to see that to the limit of our resources in men and material that frontier is protected against the weight of overwhelming numbers. In other words, our security may again depend on our ability to throw into France at the outbreak of war, and to maintain there, an expeditionary force adequate with our allies to arrest an enemy advance.

Now there is no reason to think that we are in a position to do this to-day, even to the extent of the four divisions of 1914, or that we are taking any steps to enable us to do it in any foreseeable future. The regular army, notwithstanding the talent for publicity now so evident in the War Office, is still 20,000 men short of established strength. The territorial army, from which notorious defects of equipment and organisation have failed to keep back recruits, is increasingly absorbed in anti-aircraft and home defence. Indeed, the negligible prospect of finding an adequate field force by our present methods has led some authorities to the view that we must do without one. It requires, they tell us, seven men to supply the equipment needed to-day by one man in the field. Our industrial system, it is alleged, is unequal to the task. Even if it were not, the navy cannot be expected, they say, to keep open the sea-routes to France against submarine and air attack. If the navy were known to share this view, and if the Channel tunnel were impracticable as an engineering project, and if the engineering industry had in fact placed a limit on what it could produce before it had even been asked, we might in sadness have to reconcile ourselves to our inability to place an army in the field in France. We should then be wise, no doubt, to renounce our obligations to our friends, and to supplicate the dictators for the privilege of sharing with them in a condominium of iniquity over palm and pine.

For its part THE ROUND TABLE refuses to join in such croakings. Its belief in the skill and energy of our heavy

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industries and in the goodwill and adaptability of the men and women engaged in them is unimpaired. It has not forgotten the astounding achievement of the munitions industry in the last war, or that by 1918 in one firm, and doubtless in many others, women were supplying all the labour needed for 18-pounder shell, two-thirds of that engaged on heavy shell and one-third even of the labour used on 6-inch guns. But for four years past these heavy industries have been subjected to the unco-ordinated and often conflicting demands of three service departments and to the vacillation of two of them. It is only in the last few months that some of the finest engineering establishments in the country have been encouraged or even permitted to bring their experience and their technical organisation to bear on the new problem of making modern bombers and fighters in large quantities rapidly with labour that has to be trained to the work. When these things are remembered, no one is entitled to suggest that the limit of our possibilities has been reached or is even remotely in sight.

If we turn to the wider question of man power, what is true of industry is no less true of the nation as a whole. It is asking for a consistent, comprehensive, decided statement of what is required of it. Holding the belief that we are engaged here and now in a struggle for our national existence, and that a vital joint is missing in our defensive armour so long as we are not able to put a substantial force of trained men into the field in France, THE ROUND TABLE urges that the people of this country should be asked without delay to accept the principle of universal service, and so of their own free will to declare to the world that they do not regard equality of obligation as being contrary to the democratic system or inconsistent with the traditions of freedom. It is not suggested that the present method of voluntary recruitment for the navy, the air force and the regular army should be changed, but that the male population other than the members of those forces should be required to undergo military training for such period and

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in such numbers as might be necessary. In this way there would be built up a modified and enlarged territorial force adequate to our commitments and liable in time of war for service abroad.

It will be said, no doubt, that we cannot afford an army on this scale. Are we less able to afford it than our present force of 700,000 permanently unemployed, maintained by the nation in idleness and dwindling self-respect? Military service will not cure unemployment, though it may be expected to reduce its volume and mitigate some of its worst consequences; but in any event, so long as the nation tolerates mass unemployment as we now know it, it has no right to take a narrow view of what we can afford. Or we may be told that the spirit of service, which is the glory of the voluntary system, will be destroyed when service is compulsory. Do we really believe that A, the patriot, will be debased by the spectacle of B, whom he knew to be a shirker, being made into a man? Or it may be said, in the language of the clubs and the market, that "the trade unions will not have it". It would be difficult to find any evidence that trade unionists as a class are less willing to face facts or less staunch in their loyalty to the interests of the nation than any other organised section of the community.

Yet, however ill-founded such objections may seem, it would be idle to pretend that any Government can hope to carry compulsory service unless it is prepared to face all the implications of its appeal. The nation needs men for its defence because in the end wars are won not by machines alone but man-power. But if men are to accept the universal obligation to serve as the only fair and certain means of giving to the nation that strength without which it may perish, they are entitled to know that its industrial resources will be harnessed effectively to provide them with machines and equipment not inferior in quality or numbers to those of any possible enemy. If they are to sacrifice some of their liberty and perhaps stake their lives, they must be

FRANCE AND FREEDOM

satisfied that those who remain in the armaments industries, whether employers or labour, will not be allowed to exploit the nation's necessities for unreasonable private gain. If they are to serve the nation, that service must never be used to restrict the civil liberties of any section of the community. Finally, if by its voluntary act the nation is to take a step that may be expected above all others to raise the moral authority of Great Britain in the world, to strengthen all the forces of good and to discourage the powers of evil, it must know that that authority will not be left to rust. Englishmen are not likely to undervalue the incomparable blessings of peace, even if that theme had not become the *Lestmotiv* of our political oratory. But they have begun to ask themselves whether, in a world ruled by threats and blackmail, peace will not in the end become intolerable; and if they accept the obligation of service they will look for clear evidence in our policy that we too have rights and are prepared to defend them.

III. FRANCE AND FREEDOM

IT is a disheartening commentary on our political life that universal service in Great Britain should be freely and eagerly discussed in every country in Europe where liberal institutions survive, yet by tacit agreement of our own politicians and their parties be consigned here at home to the limbo of causes to which it is neither wise nor even decent to allude. Why does the citizen of Zurich or Geneva hope to see conscription in England? Because he knows that conscription has not diluted his freedom but has preserved it; because he is convinced that conscription in England would be a strong shield of peace and freedom in Europe.

If in France to-day our attitude towards military service meets not merely with a lack of comprehension but with active resentment, the reason is not far to seek. Frenchmen have not forgotten that in the last war France had one

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million casualties before the first division of Kitchener's army reached the front. They are not prepared to spill their blood again whilst we are training our army. In the words used recently by one of their own writers, they are asking themselves "Even if we could succeed in letting ourselves be slaughtered imperturbably for long enough to allow our allies time to come to our help, would it not be better to spare France that dreadful holocaust?" Until we face the implications of our commitments, we must expect to find that question being asked by an increasing number of Frenchmen, who value liberty as we do and for whom their alliance with England has been the keystone of French policy. What meaning, indeed, are they to attach to such phrases as "the vital interests of both nations" if we continue to impose limits on our own capacity to fight even for what we profess to think vital? The persistence of such doubts and perplexities in France must end by weakening the alliance, and who knows but that the time may come when it is we who have most need of friends?

There is happily reason to believe that public opinion in Great Britain has a surer grasp of the realities of the moment than the political parties and their leaders. When great newspapers both in London and in the provinces advocate compulsory service they are not crying in the wilderness at the whim of some eccentric proprietor. They are giving expression to views which they believe to be widely held and which they know will be furthered by their own adherence. The man in the street, who reads them, sees no reason to suspect their motives or to reject their arguments, which are probably in line with his own instinctive judgment. For though he may know less, and will certainly talk less, of democracy than the politicians, he may come nearer to the truth in a crisis because he will tend to think more of what is right and less of what is feasible—and it is easier to believe that what is feasible is not feasible than to mistake wrong for right. So we see

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to-day in England a people that has more courage than its leaders and is more efficient than its political institutions, a people eager for whatever sacrifice may be needed to circumvent the perils of the hour, so soon as those leaders can summon the resolution to confirm its own reading of the facts.

THE BRITISH COMMONWEALTH AFTER MUNICH

I SOLIDARITY OF PURPOSE

THE effect of the crisis of September 1938 on the relations between the different members of the British Commonwealth in foreign policy and defence was much the same as its effect upon their several national defence preparations. It provided a test under conditions that came close to the reality of war. It was a dress rehearsal with all the tenseness of an actual first night. And in each case the general result was the same—to prove strength in some directions and to find flaws in others, and to impel the people of the Commonwealth to repair the weak points before the strain should next have to be taken.

The chief element of strength that was revealed in British Commonwealth relations was the remarkable solidarity displayed among the several member States through the different phases of the crisis. At no moment could a potential enemy have been led honestly to believe in an imminent split in the Commonwealth. There were divisions of opinion in the Dominions, of course, just as there were in the United Kingdom itself. But among their leaders no important voice was raised against the British Government's initial policy of warning the world that France's involvement in central Europe would almost inevitably imply our own—the policy expressed in Mr Chamberlain's speech of March 24 and Sir John Simon's speech of August 27. There was equal official acquiescence in the policy, manifested in the despatch of the Runciman mission, Mr Chamberlain's journey to Berchtesgaden, and the recommendation of the Anglo-French plan to

SOLIDARITY OF PURPOSE

Czechoslovakia—the policy of seeking a peaceful solution by all possible means, as the alternative to war over an issue of tangled merits, in which none of the Dominions felt its own immediate interests to be involved.

Yet the citizens of the Dominions also shared fully with the people of the United Kingdom their sense of shame at having failed the hopes of a small nation, and their revulsion against the bullying Godesberg demands. The great majority of them were undoubtedly ready to bring their countries into a war arising out of the rejection of those demands. With one possible exception, in all the Dominions there was in the week ended September 28 a widespread acceptance of the inevitability of war, coupled with a grim determination to defeat at whatever sacrifice the forces of violence and dishonour. Finally, throughout the British Commonwealth there was heartfelt thankfulness at the summoning of the Munich Conference—an event generally regarded as a direct outcome of British resolution.

Subsequently there has been in the Dominions the same sense of disillusionment as in the United Kingdom. Dominion people were mystified by the failure to press home the tactical advantage that they believed had been gained by Herr Hitler's momentary retreat. They wondered why the British Ambassador in Berlin was not instructed to hold out for a frontier settlement far more favourable to Czechoslovakia than that which eventually emerged. It would have seemed to them preferable for Great Britain to have protested, even though irresistible German pressure made the protest ineffective, rather than to have acquiesced in unfairness simply for the sake of agreement. The people of the Dominions look for a resumption of strength and leadership by Great Britain in a world about whose dangers they now have few remaining illusions.

Nevertheless, the policy of appeasement, which Mr. Chamberlain represents and which he brought to what seemed to be its most triumphant moment at Munich, was the only possible policy on which the public opinion of the

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different nations of the Commonwealth could have been unified. It had already been unanimously approved in general terms at the Imperial Conference of 1937, and this particular test found it still to be a British Commonwealth policy in the full sense. To risk a more distant possibility of war, for the sake of a present chance that peace may be preserved, is to show a sense of values which is nowhere appreciated better than in the Dominions, anxious as they are to advance swiftly and peacefully towards their destinies as homes of freedom and material well-being.

II. DOMINION FOREIGN POLICIES

THIS solidarity of the Commonwealth in general outlook, however, cloaked certain defects in the working of its internal relations. If the United Kingdom's policy towards Europe can be accused of being vague and dilatory before the crisis, how much more vague and dilatory were the policies of the Dominions. In effect, they had no policy at all towards central and eastern Europe. One Dominion Government, that of New Zealand, had pledged itself in general but very rigorous terms to a policy that implied an automatic guarantee of Czechoslovakia's territorial integrity. But it is safe to say that when the time came no Government in the Commonwealth was more loath to plunge its people into war, nor was any Dominion more thankful to be allowed by the Munich settlement to turn again to the task of social and economic reconstruction to which it had set its hand. At the most, the policy of the other Dominions was one of "wait and see".

It may be argued that the Dominions needed no detailed foreign policy of their own towards Europe, being situated so far from that area and being too small seriously to affect its destinies. That may indeed be the conclusion to which the events of last September will lead some minds. It would imply that the Dominions must accept their European foreign policy from others, and confine themselves to

DOMINION FOREIGN POLICIES

problems and areas nearer home. But that is not compatible with the theory of their own status in the world that is held by the Dominions. They insist—and, as free nations, rightly insist—on deciding their own foreign policy and determining their own fate in so far as they physically can. It is impossible for them to have no foreign policy whatever towards Europe, where resides the greatest peril to the peace of the whole world. Either they accept their policy from someone else, or they have a positive policy of their own, or their policy is the negative one of isolationism. Now isolationism is possible only for two classes of countries: for those that are so strong as to be unassailable, and for those that are safe behind the shelter of some powerful State whose clients they are. It is doubtful whether any country in the world comes into the first category; certainly the Dominions could come nowhere but in the second. The rôle of client State is one that they hotly repudiate. But, if they are not to assume it willy-nilly, they must take up more zealously their responsibilities in foreign policy. A merely negative policy being impossible, their positive policy must be either borrowed or their own. The means of carrying out their policy is another matter; in all the circumstances, the most effective means is likely to remain for some time to come the influence that they can bring to bear on the policy of the United Kingdom.

Not only are the Dominions free responsible nations in the international community; they are also democracies in their internal structure. Not only, therefore, should they have a foreign policy, but their Governments should also declare their policy to the people, who are entitled to pass judgment upon it. One of the unsatisfactory developments in the course of the crisis was the failure of most of the Dominion Governments to enlighten their people even on the general nature of their own policy. Australian public opinion, for instance, remains very largely ignorant what advice Mr. Lyons gave to Mr. Chamberlain in the critical

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days. The example is typical of the Commonwealth countries. No doubt the fault lies partly with public opinion itself, which has hitherto been far more interested in local matters than in international politics and economics. But governmental leadership cannot go blameless.

A phrase that has been much on the lips of Dominion statesmen in the last twenty years, with regard to the choice between peace and war, and other major issues of foreign policy, is that "Parliament will decide". Yet everyone with any experience of international politics knows that when the time comes the decision will be right out of the hands of Parliament—it may even be out of the hands of the country itself, which may be forced to accept the consequences of its action or inaction on earlier occasions, or simply to follow the rut made for it by its own history and geography. It takes two to make a peace, but only one to make a war. Obviously, too, if the promise to turn the decision over to Parliament meant anything, it would undermine responsible government, it would destroy the executive power of democracy and would thus open the door to fascism. In external affairs, democratic Governments must be able to act as responsible spokesmen for their countries. It would be pleasant, no doubt, to live in a world in which procrastination and unpreparedness were no more dangerous in international affairs than they are in our private dealings. But that is not the world of to-day. No country can expect "peace with honour" if it forbids itself to have a foreign policy by tying its Government to parliamentary apron-strings. Disraeli who brought back "peace with honour" from Berlin, could never have done so had he been obliged to consult Parliament at every turn, and been unable to threaten war in the name of his country. And yet those procrastinatory and deceptive phrases continue to be used in the Dominions, as if to consult Parliament in an emergency was a sound alternative to having a known policy endorsed by Parliament before the emergency arises.

THE TWILIGHT OF NATIONAL SAFETY

III. THE TWILIGHT OF NATIONAL SAFETY

THE reason for this attitude on the part of the Dominions is not any deliberate shirking of responsibilities, nor any conscious hypocrisy in refusing to be bound by the United Kingdom's policy while forbearing to tell her what is their own, thus leaving her to guess where she ought to be sure. It lies rather in an unconscious acceptance of the greatest legacy (after their internal freedom) that the Dominions have received from their imperial past—national safety. Their sense of safety governs their whole attitude towards foreign affairs and defence. For over a century, no foreign invader has crossed the shores or frontiers of any of the countries that are now Dominions. They grew to man's estate in a period when world order was effectively maintained by the power of the British navy. Even the war of 1914-18, though it enlisted practically every country in the world, was in effect a European and Near Eastern war, after von Spee's squadron had been destroyed at the battle of the Falkland Islands. After the war, the League of Nations sought to do for the world what the British navy had done for the Empire and the oceanic area since Trafalgar. With the breakdown of collective security the British navy, as much the most formidable force on the world's oceans, continued to preserve a fraction of world order on the old basis. In this last great crisis, people in countries like Australia, New Zealand, or South Africa felt secure, and therefore able to choose at their leisure their attitude towards a possible European outbreak, because the British navy still held command of the seas in which they lay, aided by its indispensable adjuncts, the air force and the army.

No one would suggest that this power position should be abandoned in order to teach the Dominions a lesson in responsibility. It will continue as long as Great Britain can preserve it, whatever may be its consequences in political immaturity among other members of the Commonwealth.

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But it is as well that the Dominions should realise the true position that they are in. The question is not one of the direct weakness of British sea power; for the potential hostility of Japan, replacing the old alliance, is probably matched by the immensely increased power of a friendly United States, hobbled though her policy is by popular isolationism. Provided that Germany continues to adhere to the Anglo-German naval treaty (a proviso which her recent actions have cast into doubt), and that France retains something near naval parity with Italy in the Mediterranean, a two-hemisphere standard of naval strength is still possible for Great Britain. It is possible in this sense, that although at the beginning of a world war her main naval forces might have to be concentrated in European waters she could eventually deploy sufficient force to hold the naval front, extending from Malaya to New Zealand, of which Singapore is the heart.

On the other hand, to-day, through the rise of air power, through the relative weakness of France, and through the immense concentration of strength in an expanded National Socialist Germany, Great Britain is far more vulnerable in Europe than she has ever been in the past, certainly since the Napoleonic wars. If she were defeated at home, her supremacy at sea would be of no avail. It would have to be resigned with the terms of peace, which would certainly deprive her of some of those strong points, like Gibraltar, the Suez Canal, Singapore, on which her naval supremacy depends. In such circumstances the Dominions and India, undefeated as they might be individually, would be obliged to accept the terms of their future national existence at the dictation of the victors. Their local defences would likewise avail them nothing. The batteries on Sydney Heads or around Capetown harbour are invaluable for an emergency; but they can neither win a war against a great Power nor save such a war from being lost.

A COMMON SCALE OF VALUES

IV. A COMMON SCALE OF VALUES

NO doubt the realisation that a world war lost by Great Britain would be a world war lost by themselves was at the back of the minds of the Dominion Governments and people when they girded up their loins in the last weeks of September. They were also stirred, it is obvious, by emotional reactions. Whatever their local national interests may be, most of the citizens of the Dominions feel in varying degrees an emotional attachment to Great Britain, some through loyalty to the throne, some through the call of blood, some through belief in the ideals and institutions for which Great Britain stands. But it is as well to remember that roughly half the people of Canada, and the majority of the people of South Africa, have no ties of ancestry with Great Britain, and that even among those of British stock this factor is likely to diminish in force as the generations pass.

Even more important than positive emotional attachment to Great Britain, which must vary so greatly in intensity, is a negative repulsion from those who were on this occasion her potential enemies. No substantial group of people in any part of the British Commonwealth looks upon the philosophy and behaviour of the National Socialist state with anything but disgust. There has not been the same intensity of feeling towards the Italian fascist régime, partly because of its relative moderation in brutality, partly because of the bond between the Roman Catholics of the Empire and any country of the same faith, partly no doubt because Italy is so much less powerful than Germany. But the belief that in the final crisis of September last, which so nearly brought us to war, the forces of evil were ranged against the forces of good was firmly embedded in the minds of the great majority of citizens of the British Commonwealth throughout the world. If they disputed over the issues that led up to the crisis, and if they were mystified and disheartened by what happened afterwards, that was because they could not see

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the issues in terms of clear-cut principles, but merely in terms of confusing details about which they had little or no knowledge and on which they were given no emphatic lead by their Governments. The citizen of the Dominions has a strong sense of ultimate values in international affairs, but without leadership he does not always know how to apply it. The same is equally true of the citizen of the United Kingdom.

The first thing that is needed for the strengthening of British Commonwealth relations in the future is the working out of a common scale of values in foreign policy. To elaborate a common scale of values is to establish common principles of foreign policy, indeed to establish a common foreign policy in the only sense in which that is possible within an association of completely self-governing States. In the years after the late war, the solvent common principle was found in support for the League of Nations and collective security. From 1931 onwards, however, this principle, in so far as it remained real at all, conflicted too sharply with the hatred of war to be of effect in practice, except during the period between the imposition of sanctions against Italy and the promulgation of the Hoare-Laval plan. No substitute was found to take its place. The result was that, when the crisis came over Czechoslovakia, only in the white heat of an imminent threat of world war was a sufficient principle restored.

An Imperial Conference is urgently required to re-state the principles of foreign policy that we all accept, in the form of a scale of values in world affairs; and to decide, moreover, how that scale is to be applied in the circumstances of the day. Indeed a succession of Imperial Conferences is needed to re-apply and re-define the basic principles in the light of changing events. If, in this process, the Imperial Conference were gradually to take on a new character, such a metamorphosis would be but typical of the evolutionary and experimental development of the British Commonwealth.

A COMMON DANGER

V. A COMMON DANGER

IT is also necessary, in the name of realism and sound dealing, that the true position of the Dominions and India in a dangerous world should be frankly recognised, and should be allowed to have its full consequences in their foreign and defence policies. If a defeated Great Britain means a defeated Dominion—as it does for every one of their number except perhaps Canada, who has an alternative patron in the United States—then two things must follow for Dominion policy. Each one of them lives in a world as dangerous as the world is for Great Britain herself. Therefore, in the first place, a Dominion is materially under-armed if its defence programme is not on a scale commensurate on the one hand with its comparative capacity to provide the means of defence, on the other with dangers so great that they have caused Great Britain to spend on defence something like one-tenth of her total national income, public and private together. And a Dominion is morally under-armed if its people have not realised that in a world war there is no such thing as limited liability, but that every effort of which the nation is capable must be exerted to defeat the enemy.

In the second place, since the danger is a common one, the effort to meet and avert it must be a co-operative effort. That is to say, the defence policies of the Dominions and India can best serve those countries themselves if they are fitted into a co-operative scheme of British Commonwealth defence, linked in turn to the defence systems of potential foreign allies. There is a feeling in the Dominions that such co-ordination detracts from their own local defences, on which they would like to concentrate, and that it injures their national independence. What they do not as a rule fully realise is that their local defences are of service only because the greater part of the strain has already been taken by extra-territorial defences to which they may or may not contribute. For a Dominion to accept a position of

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reliance on those extra-territorial defences without contributing to them to the best of its capacity is actually to resign independence and to become, not a partner, but a protégé.

The nations of the Commonwealth face a common danger. The danger may perhaps force itself on them through an issue like that of colonies in which the greater number of them, as separate nations, are directly and vitally interested. More probably the test will come over some issue akin to that of Czechoslovakia. The common danger, in any case, is neither more nor less than the overthrow of that system of oceanic power which preserved world peace for a hundred years, which won the victory in the war of 1914-18, which enabled the League of Nations to be established and could alone have made it a successful preserver of peace, that system which above all has assured to the Dominions and India their peaceful and progressive existence while the continents of Europe and Asia and of South and Central America have been racked by wars. Combine this common danger with the common scale of values to which all the nations of the Commonwealth subscribe, and we have both the warp and the weft of common principle and action in foreign policy and defence.

VI. BRITISH GUARANTEES AND THE FUTURE

WITHIN this fabric the Dominions themselves, like the United Kingdom herself, and eventually India when she gains full control of her external as well as internal affairs, will have their own national foreign policies and defence policies. Community of principle does not necessarily imply uniformity of details. Every self-governing nation must have its own policies, built up from its own national interests, its internal structure, its geographical position, its material capacity. Unless national policies are built on recognised national interests an international system of co-ordination among them will be

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discredited and must fail. The United Kingdom cannot forego her right to have her own foreign policy, within the framework of principle accepted by the whole Commonwealth; nor, therefore, can she expect the Dominions to renounce a similar right. The objective is so to combine those policies that together they form a fit instrument to meet a danger shared by all, when disunity and indecisiveness may be the most fatal kinds of weakness. The issue is one of common sense, not of constitutional theory, since constitutionally the Dominions and the United Kingdom are recognised to be entirely equal in status. Eventually—perhaps much sooner than many people believe—the establishment of real federal institutions will have to be considered, as the only means of reconciling Dominion freedom with international necessities.

In the meantime, the main difficulty arises over those details of national foreign policy which hold out the possibility of leading to war. Of these the prime examples are the European and Near Eastern commitments of the United Kingdom. Although no Dominion was ready to endorse with its own guarantee either the Locarno pact or the pledges to Belgium and France that replaced it, the fact that an attack on France or the Low Countries means an attack on the United Kingdom is universally recognised in the Commonwealth. There is thus no reason to believe that a war into which Great Britain was drawn by these commitments would be any less promptly or wholeheartedly accepted by the Dominions as their own liability than a war originating in an attack on Great Britain herself. Probably the same is true of British guarantees to Egypt, Iraq and Portugal, since any assault by a great Power upon the integrity of these countries could only be a deliberate provocation of world war, a deliberate challenge to the whole oceanic power system.

These two classes of commitments have hitherto been the only direct and automatic guarantees given by the United Kingdom outside the countries and protectorates of the

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Empire and the British mandated territories. But one by-product of the September crisis was the United Kingdom's promise of a guarantee to the new Czechoslovakia, under certain conditions. This was a remarkable innovation in policy. If the promise becomes effective, for the first time in her history Great Britain will have guaranteed an inland Power. Without access by sea, her predominantly naval power is unavailable to defend a guaranteed State. She can implement her guarantee only by turning a local affray into a world war. This, then, is the meaning of the promised guarantee to Czechoslovakia, taken literally: if that country, with its complete lack of naturally defensible frontiers and its many jealous neighbours, were ever invaded, then Great Britain would be obliged to precipitate a world war.

Is this a situation which is likely to be acceptable to the Dominions and India? If they would not endorse with their own guarantees the Locarno commitments, intimately related as these obviously were to Great Britain's local security, there is plainly no chance of their pledging themselves to the defence of a State of doubtful coherence and durability in the centre of Europe. On the contrary, the experience of the crisis itself suggests that they might object strongly to being drawn into a world war over a central European issue of debatable merits; for there would certainly have been no unanimity of public opinion in the Commonwealth on a decision to fight for Czechoslovakia "right or wrong" last September. If, therefore, the proposed guarantee is to be nothing more than a military undertaking to a privileged national State, it may cause the gravest difficulties in British Commonwealth relations.

Whether it can become something more than that depends on British policy. To precipitate a world war over a local issue is defensible only if that local issue is universally accepted as symbolic of something much greater—in this case, if the integrity of Czechoslovakia is accepted as

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symbolic of the whole peace system after Munich. It cannot become so without a more constructive policy on the part of the United Kingdom Government, in starting to build up, from the nucleus of this internationally guaranteed neutral State, a fresh system of law and order in European affairs.

Not even a start can be effectively made in this direction until the balance of power has been redressed in favour of the Anglo-French combination, through the intensified efforts of its own members and through the association of other powerful countries with them. It is merely reckless to threaten world war over a local issue in some distant zone unless the threat itself is virtually certain to prevent the war. That is to say, there must be no two opinions about the probable victors of any war thus provoked. Until Great Britain and France are in this position, undertakings like the promised Czechoslovakian guarantee are dangerous to them and to the British Commonwealth; for they might thus be confronted with the choice between abandoning their pledges and engaging in a general war in which they might be defeated or which they would need years of terrible struggle to win. The relative weakness of Great Britain holds therefore grave risks, not only for herself but also for the British Commonwealth as a co-operative organisation. Her relative weakness is not indeed so great as many people fear. It is mainly a question of certain specific defects which can be remedied by energy, organisation and readiness for sacrifice. But to remedy them is the first charge on her citizens, just as the improvement of their own defensive systems is a first charge on the citizens of the Dominions, if from the wreckage of the pre-Munich world we are to gain any security, any peace, any sound development for British Commonwealth relations.

PALESTINE: THE WIDER HOPE

This article comprises four sections, the last of which discusses certain proposals on which THE ROUND TABLE believes might be founded a constructive, durable and friendly solution of the Palestine problem. This is preceded by an account of recent events in Palestine, and by contributions from two standpoints that have not always been given full recognition, namely, the standpoint of the Jews who do not believe in political Zionism, and that of the neighbouring Arab or partly Arab States.—*Editor.*

I. THE ARAB REVOLT

By a Correspondent in Palestine

PRACTICALLY three years ago, the violent Arab demonstrations against Zionism that had punctuated the previous sixteen years of British rule developed into a determined revolt against the authority of the mandatory Power. This resort to force by the Arabs, who felt that their more peaceful protests were not winning attention, was so far successful that the whole Palestine question has been reopened for fresh discussion on a wider basis than ever before.

Meanwhile His Majesty's Government has had to employ strong military measures in order to restore some degree of order. These military operations are still going on. Although there are daily reports of murder and sabotage, armed encounters and military searches, the picture has vastly changed since October last. Five months ago, the authority of Government was being openly flouted, and the Arabs paid more respect to the orders of the rebel command than to those of the constituted authority. Heavy military concentrations alone preserved a semblance of order in

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the northern and central parts of the country, while the Jerusalem and southern districts were entirely out of hand. Armed gangs were lodged in all the main cities, and rebel bands openly dominated the smaller centres. Communications were everywhere interrupted by bold attacks and by sabotage. The climax was reached when a group of rebels occupied the Old City of Jerusalem, and tried to barricade it against the British authorities. The High Commissioner, lately returned from consultations in London, invoked his powers under the emergency regulations to authorise the General Officer Commanding, General Haining, to appoint military commanders in place of the civil district commissioners, and place the country under military control. With the extra troops put at his disposal, General Haining was soon able to assume the offensive.

The urban terrorist gangs were driven out, large concentrations of rebels were attacked and broken up, the villages where they had made their strongholds were brought under control, communications were restored and carefully guarded, and abandoned police posts were re-opened. When the rebels sought by means of a transport strike to nullify a military regulation requiring every traveller to be in possession of an identity card and a permit to travel, and all drivers of motor vehicles to have a special permit, the new power of the Government was displayed in breaking the strike and successfully compelling obedience to the regulations. The people began to realise, what for long they had doubted, that the Government had the will and the power to enforce compliance with its orders.

Nevertheless, the Government has yet to complete the slow process of re-establishing civil control amongst a people habituated to disobedience by three years of rebellion, and still distrustful of the intentions of the mandatory Power. Small bands still manage to operate, despite ceaseless searches. Some of these terrorists are inspired by motives of personal gain rather than national

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enthusiasm. Others represent factions which believe that the Arab cause is best served by continued violence, either because they fear that a truce would be taken as a sign of weakness, or because they are so little confident of good results from the London conferences that they would gladly compromise the discussions. The distinctive features of the latest phase are the revival of urban terrorism, and the frequent murders of Arabs arising from party strife amongst the Arabs themselves.

The comparative speed with which the military were able to restore the authority of the Government suggests to many people that the significance of the Arab revolt has been overrated. It is argued that the revolt was cleverly engineered by a few interested people, with foreign support and contrary to the wishes and interest of the bulk of the Arabs. Yet, although stern measures at the onset would undoubtedly have quelled the armed revolt much sooner, it does not follow that the Arabs would have been content with the policy of the mandatory Power or that trouble would not have broken out again in a short time.

Early in January, the War Office estimated that the Arabs permanently under arms did not at that time exceed fifteen hundred, and had probably never been more than eight thousand. But the rebels could count upon the temporary aid of thousands of armed villagers, who swelled their ranks for special engagements. An experienced government officer declares that all the Arabs were in the revolt, some as fighters, others as contributors of information or money, and the rest as sympathisers. The terrorist methods to which "spies", British-sympathisers and reluctant contributors were subjected would not have been possible had not the vast majority of the people thought that they were needed to further the common national cause. The sacrifice in lives, property and loss of business suffered by the Arabs would have been acceptable only to a people inspired by some widespread and deeply rooted determination.

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The part played by non-Palestinian elements in the fighting ranks, and by foreign anti-British propaganda, has often been grossly exaggerated. Few foreigners, even foreign Arabs, have actually been found among the many rebels captured or killed. Foreign propaganda fanned the flames but it did not kindle the fire. Foreign money has doubtless aided the rebels in securing arms and paying warriors (though this has never been proved), but it only supplemented large funds known to have been amassed in Palestine, by clever thefts and by contributions both voluntary and forced.

The Arab rebellion in Palestine, then, was the result of a national self-consciousness, awakened amongst all Arabs in the past thirty years, and intensified in Palestine by the belief that Zionism prevented their enjoying that national independence which Egypt, Saudi Arabia, Iraq, Syria and the Lebanon had already won or were soon to enjoy.

The two peoples, Arabs and Jews, are to-day sundered by a deep chasm, increased by the thirty-three months' struggle. Suspicion quickly flames up into hatred. Arabs and Jews resolutely boycott each others' shops and quarters. The self-sufficiency of the respective communities has been intensified at the cost of a natural and even necessary inter-dependence. There may be moderates on both sides, but when it comes to such critical matters as Jewish immigration there are no moderates at all, amongst either Jews or Arabs, except on minor points. And whatever moderate opinion exists is effectively silenced and discredited by the extremists.

The Jewish community in Palestine has been beset within and without during these harrowing years. Murderous attacks upon Jews have made hundreds of thousands go to their daily work in constant fear. Years of labour and much capital investment have been destroyed in uprooted groves and vineyards, burned buildings and sabotaged communications. Meanwhile, the curtailment of immigration has



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accentuated the economic decline that had already set in before the Arab revolt began. While these local difficulties have served to bind the Jews more firmly together, and toughened their resistance, other problems have arisen. The Peel Commission dealt a severe blow to Zionist aspirations when it declared the mandate unworkable, and suggested limiting Jewish endeavour to a part of the country. The proposal to erect an independent though small Jewish State was a consolation to many Jews, until even that was killed by the Woodhead Commission's report. Meanwhile the importance of Palestine to the Jews had been intensified by the liquidation of the Austrian and German Jewish communities and the spread of anti-Semitism elsewhere. The bitterest blow in Jewish eyes was the way in which Great Britain seemed intent on separating Palestine from the refugee problem.

The Arab protest began with a demand for the stoppage of the increasing tide of Jewish immigration and of land sales, with national independence as a secondary and more remote question. As distrust of Great Britain has grown, however, and Arab national consciousness has been quickened by the long struggle, the Arabs have come more and more to stress the abolition of the mandate and the erection of an independent Arab State. Towards the Palestine Government the present attitude of the Arabs is one of deep-seated distrust, only tempered among individuals by respect for British people whom they know personally. The rejection of partition by the Woodhead Commission, followed by the invitation extended to neighbouring Arab States to join with the freely chosen representatives from Palestine in the London discussions, somewhat eased the immediate situation, but confidence has not yet been restored. The Palestinian Arabs feel that they will have the support of the rest of the Arab world in demanding the national independence for which they feel ready, especially after the experience of national unity gained in the past three years' rebellion. So far there has been little

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practical interest in the various proposals for solving Palestine's problem by reuniting the country with the Syrian States to the north; for the Arabs fear that in the minds of those who suggest it this is contingent upon a continuance of Jewish immigration into Palestine. The Palestine Arabs wish to kill political Zionism first, secure their own independence and then consider how they will tie up with other States.

The Arabs' demand for an independent State may not be practical politics, as many Arabs would be inclined to agree. But from the Arab viewpoint there are three things that cannot be surrendered: the radical reduction of Jewish immigration, the practical stoppage of land sales to Jews, and the hope that eventually if not immediately an Arab State will be set up in Palestine. The party struggle that has gone on between the Husseini and the Nashashibi factions, the so-called extremists and moderates, is based on internal questions and matters of tactics, and does not affect these basic issues, upon which all Palestinian Arabs think alike.

II. A NON-ZIONIST JEWISH STANDPOINT

By a Member of British Jewry

IN a sense, all Jews are Zionists; for there are not many Jews conscious of their Judaism who are not sympathetically interested in the welfare of Palestine and of its Jewish inhabitants. But the greater Zionism covers a multitude of variations, and of the Jews of the West—of western Europe, America and the Dominions—a very large number, probably the majority, while Zionists in the larger sense, are opposed to any conception of Judaism or Zionism as a political ideal. To them, Judaism is essentially a religion and a Jew a member of a religious community; politically, Jews are citizens of the British Empire, the United States of America, France or whatever country it may be, and nothing else. Jews settled in Palestine, who have acquired

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Palestinian citizenship, are Palestinian citizens, different from their fellow Palestinians only in that they hold the Jewish faith or are members of the Jewish community, while their fellow citizens are members of another sect or community. In the view of those western Jews who are non-political Zionists, the status of the Jews of Palestine should remain as at present, that of members of the Jewish community and at the same time citizens of the Palestine State.

The Balfour Declaration was not looked upon with great enthusiasm by the leaders of western Jewry. They feared that it would bring Judaism into the political arena and would endanger the position of Jews in those countries in which a Jewish question had already arisen or threatened to arise. For the past century, they and their fathers had striven consistently for the political and civil emancipation of the Jews in the different countries in which they lived. In the East, the battle had not yet been won, but in more than one country the dawn seemed in sight. If the political Jew were created in Palestine they feared that his replica would appear elsewhere, and that the new status would manifest itself in disabilities, not in rights. The leaders of western Jewry also realised that there was a non-Jewish population in Palestine whose position must be unfavourably affected by the emergence of a Jewish State. Anxious, as they were, to remove the disabilities of a minority from the Jews of Europe, they did not wish to impose similar disabilities on the Arabs of Palestine.

In the event, the Balfour Declaration contained two provisions, safeguarding, as far as they could, the rights of the non-Jewish population of Palestine, and the rights and political status of the Jews of the Diaspora. Moreover, the Balfour Declaration said nothing about the creation of a Jewish State, not even of "the reconstitution of Palestine as the National Home of the Jewish people", as the Zionists wanted. It promised that Great Britain would seek "the establishment in Palestine of a National Home for the

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Jewish people". The western Jewish leaders accepted the Balfour Declaration but emphasised that it neither connoted the creation of a Jewish political State nor imposed any religious or racial disability on anyone.

The end of the war brought a great outburst of nationalism from which the Jews were not immune. In Germany, France, Italy, Jews were among the most emphatic of the nationalists. Further east and south-east, where the Jews had hitherto enjoyed practically no political rights, and where the new nationalism had as a rule a definitely anti-Jewish tinge, their nationalism took a different form. Since they were not permitted to be Polish or Roumanian nationalists, they became Jewish nationalists. If their own country made them step-children, they sought a mother in Palestine. This movement was assisted by another phenomenon in post-war eastern Europe. Religion had to a large extent lost its hold on the generation that grew to manhood with the close of the war. Previously, to be a member of the religious community was sufficient for most Jews. But the new generation, which found nothing to satisfy it in the religious community and was excluded from the political and public life of its country, turned towards the new Jewish nationalism. Economic conditions that left the Jew no hope in his own home drove him to find a new one, and he determined to do so as a Jew, not as a Lithuanian or a Latvian. Against this development, which carried with it many Jews of countries outside eastern Europe, leaders of the Jews of England and the other western States stood firm.

The question of Palestine and the Jewish National Home has now reached the stage at which a new line of development must be pointed out. While it is recognised that the system under which the government of Palestine has been attempted during the past nineteen years has broken down, the Peel Commission's scheme for the creation of a Jewish political State in part of Palestine has been declared impracticable by the Woodhead Commission. All are agreed

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that a new system must be evolved. Western Jewry, as represented by the most prominent English and American Jews, wants a system that will give the Jewish population of Palestine, which is almost a third of the total population, complete political and civil security and self-government in matters that concern itself alone. They want Palestine to be open to further Jewish immigration so far as the country can absorb an additional population without endangering the standard of living of its present inhabitants. They have no desire that the position of the Arabs of Palestine should be affected unfavourably. They believe that the welfare of the whole will be benefited by the welfare of the parts, that a prosperous Jewish community in Palestine will bring prosperity also to the Arab community, and that together they will form a prosperous Palestinian people. They foresee, not a Jewish nation nor an Arab nation in Palestine, but a Palestinian nation in which will be comprised a Jewish national home and also an Arab national home.

National homes in this sense are not an unpractical dream. Under the old Ottoman system, the religious communities were organised in *millet*s. Only the Moslems, the great majority of the population, the members of the state religion, did not form a *millet*. They were in the superior position, with advantages over the other communities. The mandatory Power partially adopted this system in its communities ordinance, but applied it, of course, to the Moslems as well as the other communities. These communities are not altogether religious as they were under the Ottoman system. Anybody who considers himself a Jew, whatever may be his religious opinions, can be a member of the Jewish community, and any Jew may opt out of membership of that community. In these *millet*s or communities the members have complete self-government, subject to their own laws administered by their own lawyers in such matters as religious education and personal status. There are other spheres in which it is

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possible so to organise the communities that no non-Jew is under the jurisdiction of a Jew, and no Jew under that of a non-Jew. Obvious instances are those of social and labour legislation or civil litigation between Jew and Jew, or Moslem and Moslem, or Christian and Christian. The communities in Palestine are so distributed geographically that with few exceptions the Jews are to be found in all-Jewish towns and villages or in the all-Jewish quarters of mixed towns. The Moslems, and even the Christians of the different communities, are similarly segregated. A large extension of municipal independence, the absence of which has long been a Jewish grievance, is therefore quite practicable without creating a grievance on the part of any community. It is true that, with the removal or diminution of the control of the central Government, efficiency and economy would suffer, but this is a part of the price that has to be paid for self-government. Continuous municipal districts inhabited by members of the same community could be linked together, even combined, and thus Jewish counties or cantons—not one canton for the whole community—formed. Such a system of communal and municipal autonomy would go far to constitute the Jewish National Home as envisaged in the Balfour Declaration. Reserved powers, such as customs, communications, police, criminal justice, would have to remain with the central Government, to be ultimately taken over by the people of Palestine as a whole.

The subject of immigration is a more difficult one. It is complicated, not only by the normal desire of Jews to settle in Palestine and that of the Zionist Organisation to form as large a Jewish population as is possible there, but also, during the past few years, by the violent and cruel pressure exerted by certain Governments to force the Jews out of their dominions. On the other hand, it is generally recognised by all students of Palestine who are not carried away by their enthusiasm that the capacity of the country to absorb immigrants in even the most favourable

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circumstances is limited, and many feel that the immigration of the past few years was larger than was healthy. There are few who will gainsay that in a period of ten or fifteen years the attainment of a Jewish majority is impossible. The Arabs, for their part, wish to be secured against the risk of Jewish domination that a Jewish majority would certainly carry with it. Accepting all these conclusions, it should not be impossible to satisfy both reasonable Jews and reasonable Arabs. The present Jewish population is less than thirty per cent. of the total population of Palestine. Its natural increase is at a rate considerably lower than that of the Arabs. If, over a period of years, the Jewish population was permitted to rise to forty per cent.—always subject to the economic capacity of the country to absorb immigrants—there could be a not unappreciable annual addition to the Jewish population.*

It will be asked, what would happen at the end of that period. The statesmanlike answer is, perhaps, "Wait and see". After some years of appeasement, immigration may no longer be a question that will divide the communities. By then there may be some system of federation among the States of western Asia, and in that case even a fifty-five per cent. Jewish population in Palestine itself could not by any stretch of the imagination be considered a danger to the Arab population of the larger State. Although the new Jewish population would undoubtedly also spread outside Palestine, it would never become a majority of the population of the great Arab federation, while continuing to stand out as the main beneficent influence by which the prosperity of Palestine for Jews and Arabs alike can be maintained and furthered.

* On the basis of the figures of population (1938) and rates of natural increase (1937) cited in the Woodhead Commission's report, an increase of the Jewish proportion to 40 per cent. of the total population in ten years would allow an annual immigration of 34,000. If the ratio to be attained were 57½ per cent., the permissible immigration would be 27,000 per annum. Any concurrent Arab immigration would, of course, increase these figures.—*Editor.*

STANDPOINT OF THE NEIGHBOURING STATES

III. THE STANDPOINT OF THE NEIGHBOURING STATES

By a Resident in Cairo

IT is not impossible to find, in the utterances of leaders of Islam and of Jewry, a basis of common hope from which to build up, between Jews and Arabs, an agreed solution of the Palestine problem.

We are certain to interpret the unanimous wishes of this Assembly in addressing to the Arabs and to the Jews an earnest appeal for calm and tranquillity. . . . Both are descendants of Abraham, "the Friend of God", and they have lived for long centuries side by side in perfect understanding and friendship. May they make of Palestine a land of choice where shall flourish the peace that was there promised to men of goodwill. And may some future historian say of independent Palestine what Renan said of Andalusia in the 10th century: "The taste of science and of beauty had set up in this privileged corner of the world a tolerance of which modern times can hardly give an example. Christians, Jews and Moslems spoke the same language, sang the same poems, took part in the same literary and scientific studies".

This was the aspiration expressed by the Egyptian delegate, H. E. Wacyf Boutros-Ghali Pasha, Minister of Foreign Affairs of the Egyptian Government, at the Assembly of the League of Nations, in September 1937.

I thought that the old tradition of co-operation between Jews and Arabs, which gave a great deal to Europe and enabled their peoples to transmit to Europe in the Dark Ages treasures of science, of art and philosophy: I had hoped that this old tradition of co-operation might still prevail, and help us in finding a way out. So far we have not succeeded, but I confess that I have not given up hope.

Dr. Chaim Weizmann used those words before the Palestine Royal Commission at Jerusalem on November 25, 1936. Yet in Palestine itself a murderous struggle is being waged over the country's political future.

The Balfour Declaration and the mandate are considered by the Palestine Arabs to stand in the way of their aspirations and to be contrary to the promises made when British statesmen were fostering the Arab revolt during the great

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war. At the Congress of Arab and Muslim Countries for the Defence of Palestine, held in Cairo in October last, the following resolutions, among others, were passed:

(1) That the Balfour Declaration is null and void *ab initio* and that it has no value whatsoever in the eyes of the Arabs and Muslims

(2) That it is essential that henceforth Jewish immigration into Palestine be definitely prohibited

Too much importance, however, should not be given to these resolutions, which represent the views of a party conference. They must necessarily be moderated down when the Arab partisans are confronted with the arguments of the other parties to the dispute. On the other hand, they must not be underrated, and they give the measure of the difficulties that seem to block a peaceful solution. In the last words of his book, *The Arab Awakening*, Mr George Antonius, a member of the Palestine Arab delegation, sums up the Arab case in this trenchant phrase: "No room can be made in Palestine for a second nation except by dislodging or exterminating the nation in possession."

That Jewry will accept the extreme Arab demands is unthinkable. Moreover, it is in the highest degree unlikely that the British Government will accept the tearing up of the Balfour Declaration and the termination of the mandate. This is recognised by leading Arabs, more especially those who come from beyond Palestine itself. It is to be hoped that the conciliatory efforts of the representatives of the neighbouring States will break the deadlock.

The status of Iraq as a modern independent and sovereign State is of very recent date. Iraq does not yet represent a stable and flourishing political community, but is still torn with dissension and internal difficulties. Its statesmen must speak with an eye on the extreme nature of opinion at home. But they should not be forgetful of the favour with which the late King Feisal regarded the Zionist ideal.

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The kingdom of Ibn Saud knows the contribution of the Palestine Arabs to the Arab revolt and the place of their leadership in the Arab movement. Arabia stands as a chivalrous champion of the Arab cause, but with a sense of realities concerning both the pledges given to the Jews and the embarrassment of Great Britain in the present *impasse*.

Trans-Jordan can give help in diminishing the pressure of Jewish immigration into Palestine. The intensive penetration of Palestine, which arouses the Arabs' fear that they will be overwhelmed and driven off the land, is a paramount factor in the whole situation. If bridges are to be built between Arabs and Jews, it is just that they should be built over the Jordan; for the Jordan is the boundary between scarcity and plenty. Beyond what is really only a small stream is potentially fertile land, of an area larger than Palestine, enough for all the needs of Arabs and Jews, and, what is more, part of Biblical Palestine. Its ruler, the Emir Abdullah, brother of the late King Feisal, is believed to favour Jewish immigration.

Egypt has become intimately associated with the Palestine discussions only in the past few months. She has throughout behaved with great dignity and restraint. She has never concealed her Islamic sympathies, her concern for the unrest in Palestine, her interest in the grievances of the Palestine Arabs. Cairo has recently become a centre for the expression and organisation of the Arab case. Egypt approaches the Palestine problem with the history of its own struggle, ended by friendly settlement, still fresh in its mind. The Anglo-Egyptian treaty of 1936, a treaty of alliance and goodwill, marked the definitive solution of a problem that brought the claims of nationalism into conflict with other vital interests, and aroused revolt and terrorism. Over fifty years were spent in the attempt to solve the problem of Anglo-Egyptian relations: every conceivable solution was discussed during this long period, and the settlement was reached only by stages. The Anglo-Egyptian

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treaty is full of concessions and compromises by either side upon matters of principle which each had for years proclaimed to be inviolable. The treaty is now a fundamental part of Egyptian policy. It is of good omen that Egypt is engaged as a neighbouring State, an ally of England, in attempting to solve the problem of Palestine.

All the neighbouring States, of which Egypt is by far the most considerable and important, have received direct aid from Great Britain, and their independence is in a large degree her creation. All are bound to her in close ties of alliance or at least goodwill. They are likely to show a general desire to remove Great Britain's embarrassment in Palestine by means of a grudging recognition of her pledges to Jewry, coupled with a determination to interpret the latter in a manner not inconsistent with Arab aspirations. Although there will undoubtedly be a frontal attack on the Balfour Declaration and the mandate, this is unlikely to be pressed very far in face of the Mediterranean situation. There may well be agreement that the denunciation of the Balfour Declaration and the mandate is not practicable at the moment, and that this question should be adjourned *sine die*.

The Arabs however, require some definite action that will appease their fears of Jewish domination in Palestine. The Palestine Arabs demand the immediate stoppage of Jewish immigration and on this point there is likely to be considerable pressure in their favour from the neighbouring States. To this Jewry will not agree. There is, moreover, a good deal of sympathy in the neighbouring States with Lord Samuel's proposal that there should be a truce over a number of years during which Jewish immigration should be restricted in such a way as to ensure that at the end of the period the Jews would still be in a minority in Palestine. It is not impossible to envisage a temporary compromise under which Jewish immigration would cease as soon as the Jews numbered 60 per cent. of the Arab population.

It is regrettable that the sense of betrayal dominates the

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whole Arab case. But for this, there is little doubt that Zionist ambitions in Palestine would have been encouraged by the Arabs,* and it may well be that an effort, even now, to revert to the original plan may provide the key to the solution of the problem.

During any period of restricted Jewish immigration that may be agreed upon, the idea of an Arab confederation, including Arabia, 'Iraq, Syria, the Lebanon, Trans-Jordan and Palestine, or at least the last four, should be explored. It would be a major contribution towards the solution of the whole problem if the British Government could make a declaration that Great Britain and France viewed with sympathy the creation of an Arab confederation and that they would use their influence to bring it about, subject to the special interests of France in Syria and British commitments in Palestine under the Balfour Declaration and the mandate, and to the Jewish rights thereunder. This would provide a stimulus for Arab nationalism in Palestine and the neighbouring States, sufficient to compensate for concessions regarding Jewish immigration. It would constitute a reversion to the original ideas upon which was based the Feisal-Weizmann agreement of 1919.

It has often been stated that if satisfaction were given to the Palestine Arabs the neighbouring States would make helpful contributions towards meeting the Jewish need for immigration.

The creation of a Jewish colony in Trans-Jordan under guarantees acceptable to her and to Jewry is practicable. If the Jews were assured of the possibility of large-scale immigration into Trans-Jordan, it might go a long way to compensate them for the acceptance of the minority principle in Palestine during the interim period. It is possible that in the same way Syria and 'Iraq might contribute towards the solution of the Jewish problem. The example of the contribution made by the Jews to the prosperity of Palestine is clearly visible to the neighbouring

* See the Peel Commission's report, Cmd. 5479, pp. 16-28.

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States, and Jewish immigration supplies the key to the needs of some of them.

Meanwhile, some beginnings should be made towards representative government in Palestine. In the special circumstances there will be need of adequate constitutional checks. A legislative assembly should be set up with proportional representation of Arabs and Jews, but with very special safeguards and reserved subjects in order to ensure that one section of the population does not dominate the other. Mixed courts might be arranged as in Egypt, with autonomy for each community in all matters of personal status. The civil service should be reorganised on the previous Egyptian basis, with the British as advisers and in key positions. Government should be organised in such a way as to cultivate in the various sections of the population some realisation of the interests of Palestine as a whole.

IV. A FEDERAL SOLUTION

(Editorial)

THE most prominent feature of the Peel Commission's report, presented in July 1937, was not the partition proposal, nor any other recommendation, positive or negative. It was the warning—urgently repeated on every other page of that unusually able and far-seeing state paper—that the most fatal thing in Palestine would be to continue to postpone the day of decision. Time, the Commission tried to impress upon the Government, was working against the possibility of a solution and in favour of a catastrophe; and the members of the Commission showed their public spirit by submitting that it mattered less that His Majesty's Government should accept the Commission's own particular recommendation than that they should take some decision or other, and carry out this decision, whatever it might be, without delay. To this warning, the Government's reply has been to lose nearly two precious years—with the

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result that the Royal Commission's perspicacity has been most unhappily vindicated.

Partition is dead; for, although the British Government committed themselves to it on the morrow of the publication of the Royal Commission's report, and although it was afterwards accepted in principle by the Jews, the Arabs have discovered that the Government's will to put this policy through has given way in face of Arab intransigence. It is the belief of THE ROUND TABLE that, in rejecting partition out of hand, the Arabs were not acting in their own best interests. Fearing, as they genuinely do fear, to find themselves swamped under a flood of Jewish immigration, surely they would have exorcised this danger most effectively by securing a territorial frontier, endorsed and guaranteed by Great Britain and by the Council of the League of Nations, beyond which no Jew would have been allowed to immigrate without their leave. The Arabs might have driven a hard bargain over the exact location of the line—the Royal Commission's detailed territorial proposals were only tentative—but probably they would have been wise, on a long view, to sacrifice a fraction of Arab territory in order to make sure of retaining the rest for all time.

However, the Arabs have rejected partition; and they have now been joined by His Majesty's Government. The essence of their demand has been that the whole of Palestine should be included in a sovereign independent Arab State which should be in treaty relations with Great Britain, on the lines of the Anglo-'Iraqi treaty of 1930 and the Anglo-Egyptian treaty of 1936. Within this Arab State the existing Jewish population of Palestine would be guaranteed those minority rights that have been guaranteed to other minorities in the post-war minorities protection treaties and declarations. But they would have no more than a minority's status—underwritten by Great Britain and by the Council of the League—and they would remain a minority for ever, since the complete cessation of

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Jewish immigration into Palestine has been an emphatic part of the Palestinian Arabs' demands. On this programme, all Palestinian Arabs agreed. The Nashashibi faction has been just as intransigent as the Husseini faction of which the Mufti of Jerusalem is the leader.

The British Government, on the other hand, cannot agree to the reduction of the Jews in Palestine to the status of a mere minority, and this for several reasons, each of which would be decisive in itself. All over central and eastern Europe and south-western Asia, the minorities have gone to the wall in these post-war years, and international guarantees have not availed to save them. The pledges given by the Polish Government have not saved the German and Ukrainian minorities in Poland; the pledges given by the 'Iraqi Government have not saved the Assyrians in 'Iraq. In the light of all our post-war experience, Great Britain cannot now acquit herself of her obligations to the Jews in Palestine by writing out paper guarantees. She could not take so inhumanly cynical a course even if she had no special obligations to the Jews in Palestine; but as a matter of fact she has promised them that they shall live in Palestine not on sufferance but as of right, and it is on the strength of this British promise that hundreds of thousands of Jews have settled in Palestine during the past twenty years. Here is an obligation which she cannot shuffle off but which at the same time she cannot honour without placing herself in a quandary.

The crux of the problem may be stated thus: Great Britain cannot allow the Jewish community in Palestine to fall into the position of a mere minority, never to be reinforced by further immigration, within a sovereign independent Arab State; since, however, the independence that has been granted to all the Arab peoples round about cannot be withheld from the Palestinian Arabs, Great Britain is committed in Palestine to some form of territorial separation between an area in which Arab independence will be complete and another area in which the Jewish

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element will be able to live, not as a minority under Arab domination, but as "first-class citizens" of the State. It is, however, geographically impossible to draw a line substantially embracing the whole of the present Jewish community in Palestine, and giving this community reasonable room for expansion, without including a large number of Arabs. In other words, if the Palestinian Jews are not to be reduced to the status of a minority in an Arab State, then an appreciable fraction of the Palestinian Arabs will have to be reduced to the status of a minority in an area in which the Jews will be in a majority, besides being "first-class citizens" of the State.

This mixed area may be kept under partial British control; the most stringent guarantees may be devised for the principal Arab enclaves in it; yet, when the problem has been reduced to a geographical and demographical minimum, a hard residual core will remain. In a certain area of Palestine there will be an Arab population debarred from the enjoyment of full national self-government within an Arab national State, and feeling itself threatened—in spite of all the guarantees—with being overwhelmed by its Jewish neighbours. This non-independent Arab minority will be separated only by an artificial frontier from the independent Arabs in the rest of Palestine and in the other Arab countries round about. No doubt it will be constantly appealing to its fellow Arabs for support; and these appeals will be constantly working upon the feelings of the rest of the Arab world. In other words, the Palestinian problem that has defeated British statesmen for the last twenty years will have been merely confined to a rather smaller area without being either solved or modified. It has been said of the Czechoslovakia of 1918-38 that she was a residuum of the pre-war Austria in which all the pre-war Austrian problems were perpetuated in miniature; in a similar way, the post-war Palestine, with all its problems, will be perpetuated in the smaller mixed Jewish-Arab area unless some new factor is brought in to prevent it.

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How, in these extraordinarily difficult circumstances, can the mandatory Power bring Arabs and Jews rather nearer towards agreement? While the details of a permanent solution are being worked out, a provisional arrangement might be to lay down a numerical limitation for the Jewish community: to decide, for instance, that Jewish immigration must be so regulated as to cease as soon as the Jews become 40 per cent. of the total population of Cisjordanian Palestine.* That would reconcile the Jews' demand that immigration shall not be stopped with the Arabs' demand that they shall be guaranteed against being reduced to a minority in their own native land. But this method of numerical limitation bristles with difficulties, and cannot form part of a permanent solution. It would in practice reduce Jewish immigration to such small numbers as to make the distinction between this and total prohibition little more than nominal; it would leave on British shoulders the onus of assessing the Jewish quota, period by period; and this task, besides being politically invidious, would be administratively almost impracticable. In order to be executed effectively, it would involve the taking of a six-monthly census in Palestine and the absolute stoppage of illicit Jewish immigration—and these two provisos, between them, amount almost to a *reductio ad absurdum* of the project.

If numerical limitation is adopted as an interim measure, a mere *modus vivendi*, it will have to give way as quickly as possible to some form of geographical limitation. A line will have to be drawn somewhere in Palestine, to the east of which Jewish immigration would be subject to Arab wishes, while to the west of it (save in certain predominantly Arab enclaves) the Jews might introduce as many Jewish immigrants as the area was able to support. This would place the onus of the decisions about immigration where they ought to rest—that is to say, on Jewish and Arab shoulders. It virtually brings us back, however, to the

* See footnote on p. 262, above.

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proposals for "cantonisation" that were commonly mooted before the Peel Commission pointed out their inherent weaknesses.

The chief difficulty does not lie in the drawing of the dividing line, though that is difficult enough. In which quarter should the mixed Jewish-Arab area be given its necessary elbow room? In Galilee or in the Negeb? The Negeb is a spacious and almost empty country with unexplored possibilities of development; but unfortunately the Negeb cannot be annexed to the coastal region, north of Jaffa, in which the Jewish population is thickest, without embracing, in the Gazzah district, a settled Arab population hardly less numerous than the Arab population of Galilee. Wherever the line is drawn, it is bound to net a considerable number of Arabs who will be deeply aggrieved at being excluded from the adjacent area of Arab self-government; and in the absence of some over-riding factor this problem of a dissatisfied and apprehensive Arab minority will always be with us.

But the crux of cantonisation is not this; it is the question who would control the common services that would have to remain in the hands of some all-Palestinian authority so long as cantonisation is not carried to the length of a complete partition of Palestine into two sovereign and independent States. These common services would be immensely important. Presumably they would include, for example, both customs (including the apportionment of the customs revenue) and defence. Whoever controls these services exercises some of the most vital sovereign powers in Palestine; by implication, these powers would be withheld from the local authorities in the cantons. For the moment, no doubt, this problem could be solved very simply by continuing the mandate and leaving all these common services in the hands of the present mandatory Power; and this might even be a permanent solution as far as the mixed Jewish-Arab area is concerned. But what about the purely Arab area? Here the effect would be

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to confine Arab self-government within limits far narrower than the full sovereignty of 'Iraq or Egypt, and even narrower than the qualified independence of Trans-Jordan. It is inconceivable that the Palestinian Arabs will agree both to the permanent exclusion of the mixed area from the domain of Arab independence and to a drastic restriction of their independence even within that domain itself. If the Arabs are to be reconciled, then it will have to be stipulated here and now that sooner or later the common services shall be handed over to some federal authority.

There, however, we come up against the difficulty which the Royal Commission has pointed out. Whoever controls the federal services will be virtually sovereign of Palestine as a whole. If it is to be a federation of two members—a wholly Arab canton and a predominantly Jewish canton—then the federal services must fall, *de facto*, into the hands of either the Jewish or the Arab party, and in either event the situation for the other party would be intolerable. If the Arabs control the federal government, the Jews will after all be reduced in effect to the status of a minority; if the Jews control it, the Arabs will be subjected to a Jewish ascendancy in Palestine which will be tantamount in practice to a Jewish State.

Can this crux of the problem of federation be overcome? The difficulty is acute because, if the federation is confined to the area of the Palestine mandate, two partners, and two only, stand face to face: on the one hand the mixed Jewish-Arab canton; on the other hand a Palestinian Arab canton, which will presumably include not only the major part of Cisjordanian Palestine but also the present principality of Trans-Jordan. Is there a possibility of surmounting this difficulty by embracing, in the eventual federation, the two States of Syria and the Lebanon, which are at present under French mandate, as well as the two territories into which it is proposed to divide the present British mandated territory in Palestine? Syria, in the wide sense of the whole country lying between Turkey, 'Iraq, Arabia and Egypt, is

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a natural and historic unity, which was artificially partitioned in the peace settlement in order to meet, not any local needs or wishes, but the respective exigencies of British and French imperialism as embodied in the "Sykes-Picot" agreement. If and when the British and French relinquish their mandates, it would be the most natural thing in the world for the Syria that they have arbitrarily divided to come together again.

It would be natural and at the same time it would be expedient; for this reunion would obviously make the problem of federation much easier in both the present French and the present British mandated territories. It would be much easier for a Syria, a Lebanon, a Palestinian Arab State and a mixed Jewish-Arab State in Palestine to enter into a federation *à quatre* than it would be for two sets of two partners each—Syria *vis-à-vis* the Lebanon and the two Palestinian territories *vis-à-vis* one another—to try to federate separately *à deux*. For the latter plan would mean that the control of the federal powers must fall to one or other of two partners, to the anxiety and perhaps to the detriment of the other. In a federation of four members this dilemma would not arise, and a federal balance of power would be much easier to achieve.

Cannot the French and British Governments put their heads together to compass the common solution of their parallel problems in the Levant? Together they may hope to extricate themselves from the analogous difficulties in which their respective mandates have involved them.

The wider federation, which would no doubt have special relations with neighbouring States—Turkey, Iraq, Saudi Arabia, Egypt—obviously cannot be brought into being at once. Even if there were no other obstacles, the French Government have matters almost as difficult as the Jew-Arab conflict to settle in Syria and the Lebanon before they will feel able to relinquish their mandatory control. But it will surely be wise for the British Government, if it can obtain the concurrence of the French,

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to declare publicly now that this is the goal towards which its eyes are turned, as it continues to carry out its undertakings to both Jews and Arabs. Only with the compensation of a promised wider unity are the Arabs likely to be reconciled both to the continuance of Jewish immigration into Palestine and to what that necessarily implies, the creation of an Arab minority in the mixed Jewish-Arab area. Only thus can Great Britain be permanently assured of the friendship of a group of peoples occupying territory of extreme importance for British Commonwealth defence, while at the same time she can be rid of the arduous and painful task of internal defence that she now shoulders in Palestine. These are the fundamental strategic considerations for Great Britain, though there are other important questions, such as the use of Haifa for naval purposes and the defence of the oil pipe-line, which would have to be settled after the model of the Anglo-Egyptian treaty of alliance.

In the meantime, a form of territorial rather than numerical limitation of immigration into Palestine is the only path towards self-government for Palestine that is compatible with realism and with Great Britain's international duty. Numerical limitation on the lines of a maximum Jewish percentage, which may be found advisable as a temporary expedient, cannot be more than that. And if the revised cantonisation idea—partition without partition—is to be a stepping stone to something greater and more lasting, it must provide for the establishment of common democratic institutions for all matters of common concern to the Arab and the mixed areas. The two communities must not be allowed to grow further and further apart, but from the beginning must have the means of facing their common problems—which are many—not as enemies but as co-operators in self-government. At first, while Great Britain retains her full mandatory powers, these representative institutions will have to be only advisory in the more important fields; but the unwritten principle should be

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adopted that if the two communities are agreed the mandatory Power will concur, subject to any over-riding reasons of state. Among the matters of greatest moment that will fall to the all-Palestinian democratic institutions to consider will be the collection and distribution of revenues from joint sources, such as the yield of the common customs tariff. By this process, rather than by any direct book-keeping adjustment, will the greater wealth of the Jewish community serve to raise the administrative and economic standard among the Arabs.

The common interests of the two communities—indeed of all the peoples dwelling in the lands that lie between the Mediterranean and the Indian Ocean with its two north-western fingers—are plain both in the economic and in the strategic spheres. The problem is to combine the service of the common interests with satisfaction for the national aspirations of both Jews and Arabs. It can only be done if those aspirations find scope on two different planes—those of the Jews in that portion of Palestine of which they will have freedom to make whatever they can, those of the Arabs in the wider confederation of the Near East.

AMERICA STANDS WITH THE DEMOCRACIES

I. MANY METHODS SHORT OF WAR

"**T**HERE are many methods short of war, but stronger and more effective than mere words, of bringing home to aggressor Governments the aggregate sentiments of our own people." These words, taken from President Roosevelt's annual message to Congress, are the key to present American foreign policy. In effect, the American Government is seeking to combat the totalitarian States with every means available short of force. President Roosevelt is issuing a plain warning that the United States will be aligned with Great Britain and France in the event of a major European war, although of course the nature of American participation cannot be defined in advance. Nor can the President actually guarantee that the American people will follow him. But he can construct a policy, and is so doing, that would make it very difficult for the United States to do anything else. He is not permitting Germany, Italy, and Japan to make any miscalculations about American policy. He is the aggressive world leader of the democracies, although somewhat removed from the firing line. He is, so to speak, the leader of the cheering section.

But American policy is not limited to mere cheering, although that may seem to be its sum to nations living in the midst of the arena. It is most revealing to list the main points in the present American foreign program, most of which are actually being acted upon, although a few are still at the blueprint stage. Here they are :

(1) An intensive armament building program, under which American fighting forces for the coming fiscal year will cost about \$1,100 million.

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- (2) Projection of a naval base at Guam, on Japan's front doorstep, over 3,000 miles west of Hawaii.
- (3) Extension of trade preferences, meaning economic and perhaps political stability, to the Philippines, and perhaps eventual "Dominion status" for the islands.
- (4) Substantial financial aid to China.
- (5) Diplomatic insistence on American "rights" in Asia.
- (6) Constant verbal warnings and thrusts directed toward the Nazis.
- (7) Direct assistance to France and Great Britain through the export of American aircraft and other materials.
- (8) Proposed amendment of the Neutrality Act to assure France and Britain of continued war supplies so long as they can pay for and transport them.
- (9) Projected economic, monetary, and tariff "sanctions" against the authoritarian Governments.
- (10) An effort to strengthen economic ties between normal-trading nations through reciprocal pacts.
- (11) An effort to forge inter-American continental solidarity and keep the totalitarian States out of the New World.
- (12) Every practicable step to aid the Jews, particularly in refugee work.
- (13) Perhaps one should add an extraordinary relationship between President Roosevelt and the world leaders of the Roman Catholic Church, in which he appears to encourage them to stand for the interests of the church against the state in totalitarian countries. He seems to seek to evoke the memory of the *Kulturkampf*.

All these points constitute no trivial program, no policy of words alone. Far indeed, by degrees that have sometimes gone unperceived, has the Roosevelt Administration led the American people actively into the world crisis.

II. GUNS, BUTTER AND GOSPEL

THE most tangible point in the program covers the new national defense plans. After a stream of advance propaganda depicting a vast building program, the President astutely limited his recommendations to "minimum requirements". The regular annual budget called for national defense appropriations of \$1,182 million. A special defense message to Congress asked for \$525 million

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more, the beginning of a program designed to continue through subsequent years. It includes :

\$300 million for the immediate purchase of about 3,000 airplanes.

\$110 million for critical items of army equipment, such as anti-aircraft artillery, anti-tank guns, etc.

\$32 million for "educational orders" to be spread out to industry, permitting it to prepare for quantity production of non-commercial military items.

\$8 million for improving sea-coast defenses, particularly in the Panama Canal.

\$44 million for creating or strengthening naval bases in both Atlantic and Pacific, notably making a start in Guam.

\$21 million for additional naval airplanes and air material tests.

\$10 million for the annual training of 20,000 civilian air pilots in the universities and colleges.

The naval expansion program is included in the regular Navy Department budget, and proceeds along fixed lines. This armament program will make the American navy second to none, comparable only to the British. It will eventually bring the American air force and aircraft factories up to the German level, particularly if there is a good deal of exporting. It will make the navy's task of defending the western hemisphere a guaranteed success. Most important, perhaps, will be the American aircraft factories, if they are an assured secondary source of supply to Great Britain and France. The only hitch, of course, is their possible unavailability in time of war, under the restrictions of the Neutrality Act. But the Administration intends to seek amendment of the Act, and, if the President is not granted full discretion to discriminate between aggressor and defender, then Congress may at least put the trade on a cash-and-carry basis, which ought not seriously to impede France and Great Britain.

The proposed naval base at Guam, right on the flank of the Marianas and the Carolines, is a direct challenge to Japan. But it is, thus far, a diplomatic move, a blue chip valuable in a possible poker game with Tokyo. Guam is no more than 1,500 miles from that capital. A full American

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naval base there, capable of supporting the American fleet, with our unexcelled aircraft carriers taking planes perhaps half the remaining distance to the Japanese mainland, would gravely threaten Japan's present naval supremacy in her own waters. That is something for Japan to think about, as she struggles with the Chinese octopus.

The Philippine program, likewise, indicates to Japan that the United States is not thinking of withdrawing from the western Pacific, nor of opening the corridor from Nippon down to the South Seas and the East Indies, down to rubber and oil and tin. The United States, by indicating a continuing connection with the Philippines, still stands athwart that corridor, still acts as a buffer State between Japan and the British and Dutch territories in Malaya and Australasia. A naval base at Guam, moreover, is the most essential step in the defense of the Philippines.

American financial aid to China goes through loans furnished by the Export-Import Bank, a governmental institution, and through the opening of gold deposits here in return for Chinese silver. Some \$25 million has been made available through the Export-Import Bank, and about \$50 million in return for silver. The process continues, as Chinese silver flows out and foreign supplies trickle in. This source of credits is intensely valuable to the Chinese Government; it is an essential buttress of their continued resistance to Japan. The resistance, says Nelson Johnson, the recently returned American Ambassador, can go on indefinitely. He offers to land on the China coast, not at a major port, and take a party to any part of China without being stopped by the Japanese, perhaps without even seeing a Japanese soldier. They would have to cross the Japanese lines a few times, he says, but he thinks it could be done, and thus vividly he illustrates the attenuated, skeletonised nature of the Japanese control. The treaty ports, he points out, have not been Chinese-controlled for a long time. Anyway, American financial aid to China is an important link in our anti-totalitarian program.

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Our continued insistence, through diplomatic communications, on the open door and other "rights" in China is not simply futile whistling. On the one hand, it keeps the record straight in case we have some future opportunity to enforce these rights. On the other hand, it constitutes preparation for convicting Japan of discrimination. This point will be highly essential when or if the United States decides to invoke tariff "sanctions" against Japan. Moreover, we are attempting to keep the tottering treaty structure in existence, if only nominally, in preparation for later conferences on the whole Far Eastern problem.

The next item listed in the program above, our constant verbal warnings and thrusts at the Nazi Government principally, but with Japan and Italy not forgotten, is partly of psychological importance, but that is not all. The German, Italian, and Japanese replies to these thrusts have grown increasingly shrill, indicating a real fear of American policy. The replies, in turn, convey to the totalitarian populations that something is amiss. President Roosevelt is a real world figure, with prestige in the totalitarian countries. If he is a "war-monger", as the German press says, well, that is something for Germans to think about. No doubt is left as to the sympathies of the United States. We, too, are playing a propaganda game, are talking big, are drilling away at frayed nerves and pulpy morale. Dr. Goebbels knows how that works. And if the United States is Jew-dominated, as the German press charges, perhaps the German people won't think it so easy to wipe out the Jews from the face of the earth.

A central point in the President's national defense recommendations to Congress was the expansion in American air forces. His main purpose, he explained, was to put United States aircraft factories into mass production. Domestic orders could not do this alone. And so a French air mission, whose way had been paved by William C. Bullitt, the aggressive American Ambassador at Paris, found itself warmly received here. In consultation with

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Mr. Bellitt, President Roosevelt developed the view that France, in February 1939, was the "bulwark of democracy". The prime need for preservation of peace, the President explained, was best served by supplementing the first-rate French army with American air power. Great Britain had been able to purchase American aircraft readily in 1938. If she and France need other materials, well, the implication at Washington is that they can get them here, at least by means of a cash-and-carry policy. The interests of the United States, as the President explicitly defined them in his annual message and in an exciting press conference on February 3, lie in "bringing home to aggressor Governments the aggregate sentiments of our own people". Or, put otherwise, he said that the American people "sympathise with the peaceful maintenance of the political, social, and economic independence of all nations in the world". The concrete expression of these words is the opening of American aircraft factories, with the express assistance of the Administration, to French purchasers. Of course, they could have purchased the planes all along through the regular commercial channels. But they could not have obtained the latest models, nor would they have had any guarantee of continuance of supply in the event of war.

And in this question of continuance lies a key point in the whole problem. The Neutrality Act makes mandatory an embargo on arms shipments when the President finds a state of war to exist. But President Roosevelt proposes to lift this section one of the Neutrality Act, and to place arms shipments on a cash-and-carry basis, allegedly non-discriminatory. In fact, the control of the seas and access to foreign exchange that Great Britain and France would probably enjoy, to the disadvantage of Italy and Germany, doubtless means that a cash-and-carry provision would be no impediment to the shipment of arms. In short, it is difficult to see how the Neutrality Law can now be advanced abroad as a main source of dubiety about American policy. The law will not be repealed, it may not even be changed

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drastically, but it seems to have lost much of its meaning. And in any event, it isn't fashionable to declare wars any more, and, no matter what the circumstances, the President has authority to "find" whether or not war exists. The Administration would prefer to see the law changed to give them power to discriminate between the aggressor and his opponents, but that is a logical hurdle over which Congress probably will not jump. A test struggle, perhaps the American version of a "vote of confidence" on the whole new positive foreign policy, may come upon the question of amending the Neutrality Act. But it will be somewhat deceptive. Even if not one line in the Act is changed, the administering authority behind it has already changed its viewpoint.

The Treasury has completed, and placed on the President's desk, a complete program of economic "sanctions" against totalitarian Powers, none of which will require legislative action, all being entirely within the discretion of the executive. These authorisations are tucked away in many statutes, their existence is not widely known, but they simply need the starting signal to become operative. First among them would be the extensive imposition of countervailing duties on Japanese and German goods under section 303 of the Tariff Law. Section 337 of the Tariff Law would make it possible to prohibit all trade with Germany that is now proceeding on a barter basis. The section prohibits any "unfair" practice which would "restrain or monopolise" trade. Since barter trade denies opportunity to competitors who wish to trade freely, and favors the importer who will deal on a restrictive basis, such trade is considered subject to prohibition under this section, and most present trade with Germany is regarded as of that character.

Section 338 is most frequently mentioned as a legal weapon of great effectiveness to use against Japan or Germany. It gives the President discretionary power to restrict or prohibit in their entirety imports from any

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country that discriminates against American trade or interest. This definition is very broad, and the case proving discrimination has already been laid in numerous diplomatic notes and protests, particularly to Japan. Application of these "sanctions" would permit the President to cut off sales to the United States. He does not have equal authority to prohibit exports. But, as Secretary Hull did in the case of aircraft orders from Japan, he can appeal to the patriotism of American manufacturers. This appeal seems to be effective up to a point. The United States is a vital market to Japan, and a useful market to Germany. But it is obvious that the imposition of such restrictions would be a grave step. Possibly, if anything is done at all, it will be by single stages.

Secretary Hull has not forgotten his reciprocal trade program. It is always in the background, as one element in trade sanity in the midst of restrictions. It was listed by the President, in his press conference statement of February 3, as one of four major bases of American foreign policy. And Secretary Hull has never been more popular in the country generally. He is most prominently mentioned as a "compromise" Democratic nomination for the presidency in 1940. The attack on his program in Congress has been blanketed by the attack on the President's broader and more controversial plans. But the Anglo-American trade agreement remains a tangible achievement, and trade is flowing into and out of the United States in healthier volume, despite world troubles, than would have been the case without this persistent, patient drive for normal trade. There is, therefore, a "most-favored-nation" area preserved in the world to compete with barter trade, to offer its advantages to nations magnetised by the ruthless offers of the barterers. Economically, Secretary Hull's trading area may perhaps be more important than suggested sanctions. At any rate, it remains a real factor in the leverage which the American Government is adding together and bringing to bear on the aggressors.

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Inter-continental solidarity is also a Hull policy. The silver-haired Tennessean, whose face is as gentle as his vocabulary is forceful, had another personal triumph at the Lima Conference, in that his character and persistence again left their mark on his fellow statesmen. He is a new version of Uncle Sam for the Latin-Americans to study, and perhaps his kind of diplomacy—with no force and no concrete commitments—is what is needed in the long run to establish and maintain United States prestige in this hemisphere. After all, treaties and protocols have been drafted *ad nauseam* in inter-American diplomacy. They resoundingly regulate almost everything in international relations—on paper—but in practice what is important is the impression that Latin-American countries have of the intentions of the United States.

Much has been heard of German and Italian penetration in the Americas, doubtless with some exaggeration. The United States can never have a path of roses with the Latins; she cannot cease being the Colossus of the North. And it will not be hard to make stronger the cultural and economic lines between a Franco-controlled Spain and Latin-America. Thus, with the virtual *dénouement* in Spain, the fascist challenge to the Americas has been brought measurably closer. The United States has the problem of keeping its head—and its face—before the challenge. Common-sense, practical diplomacy, and genuine regard for the sovereign rights of all the American States are the most effective weapons Washington can get. Secretary Hull has been wielding them under immense difficulties, of which the chief has been the rapid implementation of communism and anarchism in Mexico. The new defense program may do something for United States prestige, may put a *verboten* sign on the western hemisphere, but the assiduous cultivation of all the Americas by Secretary Hull is quite as effective a barrier against a breach of the Monroe Doctrine.

The United States officially is in the forefront of efforts to aid Jewish refugees, and the American immigration quota is

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yawning to its legal limits—with some additional strains and leakages—to permit the entry of refugees into this country. But American Jews, with the good offices of the Government, are privately even more active in the cause. Every facility has been given them. Moreover, President Roosevelt issued an unprecedented and sharp public statement expressing his horror at persecutions in Germany, and the State Department stingingly refused to accept a German demand for rebuke of Secretary Ickes, who had spoken bluntly before a Zionist conference. The President has just appointed an eminent American Jew, Professor Felix Frankfurter, to the Supreme Court.* All this, and particularly the frequent speeches and statements of high officials in the Jewish cause, plainly indicates a degree of interest in the plight of the Jews which fits into the whole positive foreign policy. It touches the authoritarian States on a delicate point, a point additionally sensitive because of all the build-up the dictators have given to the alleged power and influence of world Jewry.

* Thereby hangs a story touching, of all things, *THE ROUND TABLE*. In early 1937, writing about the Supreme Court enlargement fight, this correspondent trusted his own judgment and widespread Washington reports to connect Thomas G. Corcoran and Benjamin Cohen with the devising of the President's Court Bill. The report, it turned out, was inaccurate. These two highly-trusted and valuable advisers of the President were only promoting the Bill; they did not help to originate it. They were former pupils of Professor Frankfurter. That distinguished law teacher, reading the references in *THE ROUND TABLE*, addressed a letter to a former correspondent of this review disclaiming, for his two pupils, all share in originating the President's Bill. The disclaimer plainly inferred that Professor Frankfurter himself did not like the Bill. The present writer, noting that there were no injunctions of secrecy about the matter, discreetly conveyed Professor Frankfurter's views to one or two senatorial friends, without revealing the source. This year, when Professor Frankfurter's name came before the Senate for confirmation, one thing stood out above all others. It went like a flash through the Senate: "Frankfurter is all right. He was against the Court Bill." And Professor Frankfurter was confirmed without an opposing vote. This result, any observer would say, would have been impossible three or four years ago; probably Professor Frankfurter would have been rejected.

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Finally, there is the question of the Administration's relationship with the Roman Catholic hierarchy. President Roosevelt is an intimate friend of George, Cardinal Mundelein, the Archbishop of Chicago. They confer frequently about world policy. Last November, when Cardinal Mundelein went to Rome, President Roosevelt instructed the American Embassy staff and the United States flagship on the Mediterranean station to go to Naples and pay particular honor to the Cardinal. This demonstration was meant to indicate to fascist authorities in what high regard the American Administration regarded this prince of the church, and it was to convey to the Vatican a message of goodwill and support. There followed a notable display of firm speaking on the part of the Vatican toward the dictators and "paganism". It is perhaps not too much to say that the Roosevelt support was one factor influencing papal policy.

Later, after the Lima Conference and when the Italian press was deriding its results, the *Osservatore Romano* praised the conference and explicitly refuted the fascist papers. Later still, two high American church dignitaries went on an 18,000-mile tour of Latin-America. Roman Catholicism, it should be remembered, is almost the only aspect of United States culture that is shared in the countries to the south. If the Vatican is at all a factor in German or Mediterranean politics, it may not be exaggeration to believe that the warm support given from Washington has helped toward a possible, remote *Kulturkampf*. President Roosevelt knows his history and he has a lively imagination. He remembers Canossa. And so the American Government made no effort to lift the Spanish embargo, though entreated to do so by "friends of the Spanish loyalists", who included nearly all its usual progressive supporters, with a great sprinkling of non-party advocates of the anti-dictator foreign policy.

PRESIDENT AND PUBLIC OPINION

III. PRESIDENT AND PUBLIC OPINION

IT will be noted that in all this 13-point program, all this implementation of the "methods short of war" by which the United States is talking to the dictators, only four points depend on fresh action by Congress. Otherwise it is a program altogether in the hands of the President, and capable of wide future expansion. The four points requiring congressional action are: the voting of appropriations for national defense, amendment of the Neutrality Act, changes in the status of the Philippines, and the fortification of Guam. The third point is not particularly imperative, since there are several years before either the economic or the political terms of the present Independence Act go into effect. The national defense recommendations will almost certainly be approved substantially in their entirety. There may be some hedging on Guam, but probably the Navy Department will get authority to begin harbor-dredging, which is all that is asked for at this time. The fortification of Guam is a diplomatic step. The Neutrality Act may not be amended, and that will disappoint the Administration, but it will not be a crippling handicap.

Thus President Roosevelt appears to have everything in his hands—except, perhaps, public opinion. Can he be pulled back as Woodrow Wilson was? Can his policy be reversed after it has gone far and altered history? That is always the riddle in this republic.

Three things can be written with assurance about American public opinion. First, now as ever, it wishes to avoid "foreign entanglements". Secondly, its sympathies are altogether enlisted in the cause of the democracies and against the aggressors. Thirdly, a large part of public opinion fatalistically believes that, although it may desire to remain isolated, it is entirely impossible for the United States to do so if a world war breaks out.

Logically, therefore, people who admit that they will be involved eventually should be willing to co-operate in

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preventive measures ahead of time. This logic, however, only reaches limited groups in American public opinion. Logic and consistency were never strong characteristics of our foreign policy. Yet the force of events under the three points listed above is ever pressing toward a preventive policy, is supporting President Roosevelt's positive program.

There is much vocal congressional protest at the program; the country generally is alarmed when they read that "the American frontier is on the Rhine". But it is hard to see how anything could now block President Roosevelt in the exercise of his executive discretion. Moreover, Mr. Roosevelt is no Wilson. He is not an idealistic university professor, but an astute practical politician, and he does not intend to get too far ahead of public opinion. Just when he feels the Senate, or the people, getting out of hand he gives them a little more rope, eases off his program a trifle, and tightens it again when the outcry dies down. That, too, is the prospect for the future. And the principal forecast of experienced national observers is that while this policy may or may not be a vital contribution to world peace—that is another matter—it may well elect Mr. Roosevelt to a third term next year.

United States of America.

February 1939.

PROBLEMS OF BRITISH WEST AFRICA

I. PROBLEMS OF ADMINISTRATION

BRITISH possessions in West Africa consist of the Gambia, Sierra Leone, the Gold Coast and Nigeria. The most northern of these, the Gambia, is a narrow strip of territory lying along both banks of the Gambia river and stretching for some 250 miles eastwards from the coast. The importance of this waterway was realised by Englishmen as far back as the days of Queen Elizabeth. Apart from the island of St. Mary, on which the town of Bathurst is situated, the whole of this dependency is administered as a protectorate. It has an area of nearly 4,000 square miles and a population of approximately 184,000.

In Sierra Leone, the colony consists of a peninsula and a narrow coastline, while the rest of the territory is administered as a protectorate. The total area is 28,000 square miles and the population one and three-quarter millions. The peninsula, where in the past large numbers of freed slaves and repatriated Africans were settled by the British Government, is of considerable strategic importance, and a garrison was kept there until some ten years ago. Now that Europe has reverted to a system of power politics, Freetown, the capital, is being re-equipped as an important military and naval base. After the Sierra Leone hills there is no further break in the flat monotony of the West African coastline until the Cameroon mountain is reached.

Along the Guinea coast lie the Gold Coast colony and Nigeria; north of the Gold Coast lies Ashanti, and beyond it the Northern Territories. In each of the latter a chief commissioner is in charge of the administration under the

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general supervision of the Governor. To the east of the Gold Coast are some 13,000 square miles of mandated territory which formerly formed part of Togoland. The southern portion of this area is attached for administrative purposes to the Gold Coast colony, and the northern portion to the Northern Territories. The total area of the whole dependency is about 100,000 square miles and the population approximately four millions.

Nigeria consists of the small crown colony of Lagos and a protectorate divided for administrative purposes into the Northern and Southern Provinces, each under chief commissioners who are responsible to the Governor. To the east of Nigeria are 34,000 square miles of mandated territory, of which the southern portion includes the Cameroon mountain and is administered as part of the Southern Provinces, while the northern portion forms part of the Northern Provinces. The total area of this dependency is some 372,600 square miles and the population is estimated at twenty millions.

The early history of British West Africa is closely connected with the slave trade. In the seventeenth and eighteenth centuries, English enterprise and capital were applied to the development of that trade with the object of providing labour for the plantations in America and the West Indies, whereas in the nineteenth century England took the lead in suppressing a trade that she had previously done so much to develop.

The slave trade in Nigeria was not suppressed until the early part of the present century, for the capture of Kano in 1903 closed down what had been for many years the largest slave market in Africa. Slave-raiding in the north of Nigeria had become a well-organised business among several of the Mohammedan Emirs, and officers serving in that country found that large tracts of land had been devastated and de-populated by these raids. Those who criticise the policy by which in the past considerable areas in Africa were brought under British administration

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can have no knowledge of the conditions that existed before that annexation, since they were, in themselves, ample justification for it.

It can be claimed that the British policy of native administration in Africa, known as indirect rule, which has now been adopted, not merely in the West African dependencies, but also in East Africa, originated in northern Nigeria. In that country there existed well-organised Mohammedan emirates, whose rulers were well able to adapt themselves to the changed conditions. The more difficult task of building up native administrations based on the tribal customs of the primitive non-Mohammedan tribes was successfully undertaken. In the south, the same principles were first adopted in the organisation of the different Yoruba states, but it was only recently that serious efforts were made to introduce native administration in the south-east of Nigeria among the Ibo and Ibibio peoples. In 1931, as a result of serious trouble in the Owerri and Calabar provinces, it was realised that the past system of administration in that region had led to grave abuses.

Among the Ibo and Ibibio tribesmen there were no chiefs capable of exercising the authority that was vested, by native custom, in the more advanced and better organised Yoruba states or the Mohammedan emirates of the north. This fact, combined with the very real difficulty that European officers found in mastering the local languages with their wide diversity of dialects, had resulted in a form of direct administration which was largely dependent on native interpreters and clerks. Such a system could not be expected to command the confidence of the people. It has been replaced by the organisation of clan councils, which are in accord with native custom and tradition; but steps have been taken to enable these councils, which in the main consist of the elders of the clan, to admit to their deliberations young men, who by reason of education or special knowledge may be able to advise them usefully. Also, where within any administrative unit there are

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Christian or Mohammedan communities, representation of their interests is allowed in the clan council.

In 1935 a Governor of Sierra Leone sent one of his administrative officers to make a study of native administration methods in the Southern Provinces of Nigeria. In his report the officer quoted from a previous annual report the following summary of the situation in the south-east of Nigeria, which he believed to be fully justified:

Communities whose attitude in the past varied from complete indifference to sullen passive resistance are now interested administrators of their own village and clan affairs, collecting their own taxes with promptitude and dispensing justice in Courts which command general approval to a far greater degree than in the past

A scheme of native administrations in the protectorate of Sierra Leone on somewhat similar lines was introduced in 1936, but its adoption has been left to the wish of the people themselves and has in no way been forced upon them. This method has met with remarkable success; for one chiefdom after another in Sierra Leone has adopted the new system. As a result of it, there has been a marked quickening of interest in the development of local resources and in the provision both of improved social and educational services and of roads and better means of transport, wherever tribal councils under the new system are beginning to realise their own responsibilities as part of the administrative machine instead of merely relying on a local political officer. Similar developments are now taking place in the Northern Territories of the Gold Coast and in Ashanti, where the former Federal Council of Ashanti chiefs under the presidency of the Asantehene of Kumasi has been revived.

The progressive development of native administrations, however, must depend on the inauguration of native treasuries and on the extent of the revenue that becomes available for local needs. In the Gold Coast colony, although the authority of native chiefs is recognised by the Government, no native treasuries exist, nor has any form

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of taxation to provide funds for a system of native administration been introduced. Native chiefs in this colony are largely dependent on fees and fines for their incomes, and it is difficult to believe that any satisfactory or permanent form of native administration can be based on such a system. The Gold Coast Government has in fact been criticised for its failure to build up in that colony a system of native administration capable of adapting itself to the rapidly changing conditions.

An opportunity for providing a sound financial basis on which some of the native states might have been developed offered itself when the different mining companies approached the local chiefs for mining concessions. If, for instance, those concessions had been granted on a system whereby a percentage of the net profits obtained from the exploitation of the mineral resources had been earmarked to provide funds for the local native administrations, it would have been possible to have strengthened the latter and to have developed them as useful units of the administrative machine.

II. PROBLEMS OF HEALTH AND EDUCATION

IN the past, the development of the West African colonies has been seriously handicapped by the heavy wastage among the European staff caused by deaths and invalidings. The West Coast had an unenviable reputation, and the great improvement that has now been effected is in itself evidence of the successful struggle carried on by the medical staff against tropical diseases. In 1903 the death rate amongst European officers in West Africa was 20.6 per 1,000, falling to 11.8 in 1913, 11.7 in 1923 and 4.6 in 1933. In 1936 it rose to 9.4, but the rise is partly accounted for by the inclusion of six deaths from fatal accidents in the returns for that year. The invaliding rate per 1,000 was 65.1 in 1903, 42.6 in 1913, 19.4 in 1923, 12.2 in 1933 and 11.9 in 1936.

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The remarkable improvement in health conditions has resulted in more efficient work and has enabled officers to be accompanied by their wives, an advantage that has made a great difference to the social life of West African stations. It is not only from the point of view of the European, however, that this successful war against tropical disease should be considered. In addition to the work done by the government staff, a prominent part in the campaign against tropical diseases among the native population of West Africa has also been played by the missions, which in certain areas have provided hospitals, doctors and nurses and have established well-organised leper settlements under medical supervision. Throughout West Africa there has been a growing realisation by the natives of the benefits of medical science; in consequence, there is an ever-increasing demand for extended medical and health services. Native administrations, when funds become available, show anxiety to finance the erection of new hospitals and dispensaries and to adopt improved sanitary methods.

The great problem, therefore, with which colonial Administrations are faced is to provide personnel to meet the growing demands. It is quite evident that the needs of the native population cannot be adequately met unless greater facilities are provided for the training of an African staff. The total population of the British West African dependencies cannot be less than twenty-six millions, yet, if one makes allowance for the high percentage of men on leave, it is doubtful whether at any one time there are as many as 250 qualified doctors (including medical men working for missions and those with local qualifications) available for medical work amongst the natives.

Plans to erect near Accra in the Gold Coast a medical school for students from all parts of West Africa were considered by a committee of senior medical officers in 1927, and a very full report recommending its establishment was published in February 1928. It was intended that the school should be attached to a large native hospital,

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which had been erected a few years previously and is one of the best-equipped and most efficient in the colonial empire; and that it would give a six years' training to African medical students, who would be able to obtain qualifications that would be recognised in the West African dependencies.

Although the site for the school had been selected and acquired, the scheme was shortly afterwards abandoned on financial grounds. There may have been some excuse for the postponement of such a scheme owing to the difficult financial situation which affected the Gold Coast at that time, but there appears to be no excuse for its indefinite abandonment. A rough estimate of the cost of the six years' course at the Accra medical school was £780, whereas the cost of training an African in England cannot be less than £2,100, a sum which very few young Africans can afford. As the medical school at Accra was planned to ensure an output of thirty trained men a year, considerable savings would have been possible as soon as an adequate supply of trained Africans became available to replace medical men brought out from England. Quite apart from the question of expense, however, the growing need for a much more rapid expansion of the medical and health services makes it imperative for the Governments of the West African dependencies to undertake the training of local men on a much greater scale than has yet been attempted. It is to be hoped that the decision to abandon the Accra medical school will be reconsidered as soon as possible.

Since the abandonment of the Gold Coast scheme a somewhat similar project has been introduced in Nigeria, where students take a pre-medical course at a higher college at Yaba near Lagos, and subsequently take the full course of training at a medical school connected with the native hospital in Lagos itself. The object of this scheme is to train young Africans as medical assistants, who, after some years' work under the supervision of medical officers,

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can take a course for a diploma carrying with it a doctor's qualifications (recognised solely in Nigeria), and enabling the holders to set up in private practice if they wish. The actual number of men who have attained positions as medical assistants is twenty-six, but so far only three have successfully passed the diploma course. The scheme, however, was introduced only some eight years ago, and it will, if developed, do much to ease the difficult situation in Nigeria. In Sierra Leone a demand for the local training of medical officers has already been voiced, but such a proposal is impracticable in the smaller dependencies such as Sierra Leone and the Gambia.

The establishment of a veterinary service in the north of Nigeria has been of great benefit to that country, where the cattle and other livestock have suffered severely from time to time from sporadic outbreaks of rinderpest and pleuro-pneumonia. Cattle control centres have now been introduced in different parts of the Northern Provinces, where cattle are immunised against epizootic diseases, and the value of this method of treatment has been fully appreciated by the natives. In 1933, following an outbreak of rinderpest in the Gambia, officers from the veterinary staff of Nigeria were seconded to introduce a similar system of immunisation in that dependency.

In the past much of the educational work in British West Africa has been carried out by the missions, which are mainly responsible for elementary education. They have also established good secondary schools. In Sierra Leone, Fourah Bay College, where students can proceed to the Durham B.A., has been developed by the united efforts of the Church Missionary and the Methodist Missionary Societies. The general policy of West African Governments has been to co-operate with the missions by subsidising their schools and at the same time to provide facilities for secondary education.

It cannot, however, be said that the expenditure on education has been on a generous scale. Nigeria, for

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instance, was allocating in 1929 a total of £263,457 out of an estimated revenue of £6,045,621, while for 1939 the figures are: estimated revenue, £6,576,835; estimated expenditure on education, £282,820. An expenditure of 4·3 per cent. of the total revenue seems on the face of it to be very inadequate, particularly in view of the ever-increasing demand for educational facilities that has manifested itself in West Africa.

Higher colleges have been established in the north at Kaduna and in the south at Yaba, and it is in these higher colleges that men are now being trained who will be fitted for posts under the central Government and also in the native administrations. Some of the more wealthy of the native administrations have embarked on large public works, including water-works and electric lighting, and the cost of maintaining works of this character will be much reduced when natives of the country have been trained to take charge of them in place of Europeans.

In the Gold Coast, between 1923 and 1927, large sums were spent on establishing a big educational centre at Achimota, some seven miles from Accra.* The original intention of Achimota was to educate young Africans of both sexes from the kindergarten to the university stage, and the Governor who was responsible for this scheme laid it down as the policy of the Government to introduce Africans into the higher grades of the government service as soon as men qualified by character and education became available. Unfortunately, as a result of the financial depression that culminated in 1931, the annual subsidy to Achimota was reduced from £68,000 to £48,000. When, however, the financial position improved, only £1,000 of this cut of £20,000 was restored, for the purpose of developing the engineering side.

The natural result of this policy has been to curtail the development of the higher classes. In 1926, the Governor

* An article on the college at Achimota appeared in *THE ROUND TABLE*, No. 61, December 1925, pp. 78-95.

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so was responsible for inaugurating Achimota gave it as his opinion that there would be a rapid increase in the number of Africans who would be absorbed into the higher grades of the government service. In that year the number of Europeans in these grades was 481 and of Africans 28. In accordance with his policy he expected that by 1936 the numbers would be 396 Europeans and 148 Africans, but the actual figures were 685 Europeans and only 27 Africans. It is not surprising that the present Principal of Achimota has expressed grave anxiety about the future. He has pointed out that more money is needed to develop the higher classes and has warned the local Government of the dangers with which its present policy is fraught.

The abandonment of the scheme for the local training of medical officers, combined with the failure to absorb young Africans into the higher grades of the government service, are very definite evidence of a reversal of policy, for which successive Governors and the Colonial Office must be held responsible. Furthermore, the failure to organise native administrations in the Gold Coast colony prevents educated young Africans from finding useful employment among their own tribesmen. The large and costly increase in European personnel that has taken place during the last few years has made it clear that financial stringency cannot be pleaded as an excuse for this reversal of policy. Had the 1926 policy been adopted, the actual saving in expenditure would have been very great; for it was estimated at the time that for each African employed in place of a European there would be an annual saving in the long run would be approximately £100.

Quite apart from this, the anxiety expressed by the Principal of Achimota is well founded; for unless a more liberal policy can be adopted Achimota may well become a source of discontent instead of fulfilling the high hopes of its founders. It cannot be too strongly stressed that the future of the West African territories depends very largely on the successful solution of their educational problems,

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and on the most careful selection of the men who are made responsible for educational work in those dependencies.

III. ECONOMIC PROBLEMS

DURING the present century much has been done to develop the economic resources of the West African dependencies by improved methods of transport. Harbours, railways and a network of roads have been constructed in Sierra Leone, the Gold Coast and Nigeria. The Gambia is served by the cheapest form of transport of all, namely, water transport, and the products of the country are brought down the river Gambia for shipment at Bathurst.

In Sierra Leone there are now some 350 miles of railway with a terminus at Freetown. The latter is, however, a lighterage port, and it is unfortunate that a deep-water harbour has not been constructed there. The quay-side delivery of products could be effected at an estimated capital cost of between £300,000 and £400,000. This would probably have been well justified on purely economic grounds, but in view of the fact that Freetown must now be re-equipped as an important naval and military base the need for improved harbour facilities is obvious. Since the war, a deep-water harbour has been constructed at Takoradi in the Gold Coast, and there are now 500 miles of railway and a vast network of roads connected with that harbour.

In Nigeria, deep-water harbours have been constructed at Lagos and Port Harcourt on the Bonny river. Railways, built from these two termini, form a junction at Kaduna in the Northern Provinces and extend up to Kano and N'Guru in the Bornu province, a distance of over 800 miles from the coast. These main lines, with a number of branch lines and a network of feeder roads, have enormously increased the volume of exports, particularly from the Northern Provinces.

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The development of the natural resources of the West African colonies and protectorates, however, apart from minerals, owes nothing to the investment of European capital in production. Except for a few estates in mandated territory and a few concessions in the forest areas, West African Governments have refused to allow the acquisition of plantations by Europeans. West African merchants have merely been middlemen, purchasing the products of the country from the natives for export.

British West Africa is a remarkable example of the extent to which a native population can develop the resources of the country in which it lives. In the Gold Coast, for instance, we find a vast cocoa industry built up entirely by the natives. It is claimed that the first cocoa beans were smuggled into the country from Fernando Po by an African in 1879. At the present time the Gold Coast is the greatest cocoa-producing country in the world, and its peak production in 1936 reached the remarkable figure of 306,982 metric tons out of a total world output of 709,084 metric tons.

Nigeria has also built up a cocoa industry during the present century, and exports from 80,000 to 90,000 tons in a good year. In the south of that country this supplements the produce of the oil palm, which had previously been the main export from southern Nigeria and is still the principal export of Sierra Leone. The Northern Provinces of Nigeria have sent down to the ports of shipment at Lagos, Port Harcourt and Forcados, which is the outlet for produce brought down the river Niger, many hundreds of thousands of tons of groundnuts, and this product has now been for many years virtually the sole export of the Gambia. In Nigeria, on the advice of the Agricultural Department, native producers have substituted Uganda cotton for the native variety, which they had previously grown for their own market but which was found to be unsuitable for the export trade.

It was the oil palm, however, that attracted Europeans

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to the coast in the latter half of the nineteenth century. The oil palm was peculiar to West Africa, but during the present century it has been introduced with success into the Dutch East Indies, where plantations have been established and worked with great efficiency. This development gave West African merchants an excuse for the demands which they frequently made to establish plantations of the oil palm in West Africa, and in the years succeeding the war much was heard of the so-called "Sumatra menace". Those who advocated the expansion of the oil-palm industry by means of European-owned plantations were careful to conceal the fact that the produce of the oil palm is but one of many vegetable oils, all of which can be used for the same purpose: copra, soya beans, groundnuts, all come within this category, and of recent years methods have been found of treating whale oil in such a way that this product also has come into direct competition with vegetable oils.

The advantages of the plantation system in securing better production and more economical methods of collecting the fruit are obvious, but recent developments in the south of Nigeria have shown that the natives themselves can be induced to adopt these improved methods of cultivation and production. They have been introduced with great success in those parts of the country where soil conditions are unsuited for cocoa. In the Southern Provinces, no less than two thousand oil-palm plantations on village or tribal lands are being developed by the natives themselves with the advice and assistance of the government agricultural officers. In other words, there is no justification whatever for any departure from the past policy of the West African Administrations in refusing to allow the exploitation of the natural agricultural resources of West Africa by means of European capital.

The natural consequence of this policy has been that, with the exception of the Gold Coast, violent fluctuations in commodity prices do not have the same serious direct

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effect on the native communities as they have in other parts of the world. In Nigeria, for instance, much of the cocoa is grown by farmers as a supplement to subsistence crops. It is grown for the export market merely in order to obtain money, which is spent for the most part on cloth, hardware and other imports offered for sale by the mercantile firms. The actual revenues obtained by the local Governments depend to a marked degree on the prices ruling for such products as palm oil, palm kernels, cocoa and groundnuts. The great majority of Africans spend freely what they obtain for their products, and when the prices of the latter are low there is at once a sharp decline in the revenue derived from import duties.

A declining revenue invariably results in the curtailment of public services and of public works. The Gambia, where the sole export of any importance consists of groundnuts, was in the past a flourishing little colony with ample reserves. As a result of the deplorable decline in the price realised for that commodity the Gambia is now faced with bankruptcy. Unless there is a marked improvement in world prices, in another year or so it will be unable to maintain the public services of the colony without assistance from the British taxpayer. In his last budget speech the Governor of the Gambia announced that owing to lack of revenue he was unable to proceed with sorely-needed developments in the medical and health services. In the Gold Coast, where all other agricultural products had been neglected in favour of developing cocoa, and where native farmers had in many cases given up planting even subsistence crops, the sudden decline in the price of cocoa has caused real distress.

This decline coincided with the formation of what was known in West Africa as a "cocoa pool". West African merchants had entered into a buying agreement to eliminate competition and the worst features of speculative buying by the native middlemen. This buying agreement caused resentment and a general boycott of the firms. In March

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1938 a commission was sent out to the Gold Coast to investigate the situation brought about by this boycott and its causes. In its report * the commission recommends for the Gold Coast a scheme of co-operative marketing by producers under statutory control. Preliminary estimates of the cost of such a scheme indicate a capital expenditure of some £300,000, in addition to an annual current expenditure of £250,000.

Although advantages might accrue to producers from the scheme, it seems open to doubt whether they would justify so large an expenditure, and it is unfortunate that the commission refrained from any attempt to deal with the root causes of the fluctuations in the cocoa market and the serious decline in the price realised for this commodity. As a result of the commission's enquiry the buying agreement has for the time being come to an end. Although it is now some months since the report of the commission was submitted to the Colonial Office, there has been no indication whether any action will be taken on its findings.

The following table gives average prices for the principal exports from the West African dependencies for the years 1914 and 1919 and at five-year intervals up to 1934, in addition to the price levels for 1937 and 1938:—

	<i>Palm Kernels.</i>			<i>Palm Oil.</i>			<i>Groundnuts.</i>			<i>Cocoa.</i>		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
1914	19	14	0	29	7	6	15	15	0	56	0	0
1919	41	0	9	79	12	6	41	0	0	78	10	0
1924	20	18	0	39	12	6	24	12	6	36	0	0
1929	18	3	9	33	12	0	18	15	0	45	0	0
1934	7	3	9	12	12	6	9	8	3	21	5	0
1937	13	8	9	22	2	6	14	2	9	38	15	0
1938	9	13	5	14	0	5	10	8	7	23	18	7

It will be seen that after the war there was very serious decline in prices, until 1937, when there was a distinct improvement. Unfortunately, however, a further decline

* Cmd. 5845.

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has taken place during 1938, and at the end of January 1939 the prices quoted were as follows:

<i>Palm Kernels.</i>	<i>Palm Oil.</i>	<i>Groundnuts.</i>	<i>Cocoa.</i>
£8 16 3	£13	£10 5 0	£20 5 0

Such violent fluctuations of prices have a serious effect on revenue and make an orderly and progressive development of the public services exceedingly difficult, particularly in those dependencies which cannot rely on any large revenue from the exploitation of mineral resources. Fortunately for the Gold Coast and Sierra Leone, there has been of recent years a remarkable development in their mining industries; but Nigeria's principal mineral is tin, the output of which is restricted by international agreement, while the Gambia obtains no revenue from minerals. Furthermore, a mining industry affects only a small proportion of the native population, and the profits from it go to shareholders in Europe.

The prosperity, therefore, of the bulk of the native population must depend on the produce market, and the general trend of prices for West African commodities gives rise to considerable anxiety for the future. Since the war, a great change has come over the West African trade, and instead of there being a number of firms competing with each other in purchasing West African products, and in selling imported goods to native producers, we now find the trade of British West Africa dominated by a large combine. The latter in its turn is under the control of a vast international organisation, which, like some huge octopus, has extended its tentacles over most of the world. This organisation manufactures soap, margarine and other commodities for which vegetable oils are needed, and is in so strong a position that it can virtually control the market price of its manufactured goods, either by the elimination of competitors or by agreement with other manufacturers, and can also influence prices in the produce market. The question must eventually arise whether this powerful

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organisation does not affect adversely the prices paid for raw products, and whether the present low level of commodity prices in West African markets cannot in part be attributed to its activities.

The same policy of eliminating competition has been adopted in the cocoa market. It is well known that the principal cocoa manufacturers in England have combined to avoid competition in purchasing raw cocoa, and, in order to make this policy even more secure, have also joined forces with the combine that controls the vegetable oil market. During the cocoa hold-up in the Gold Coast, a representative of the cocoa manufacturers and a representative of the combine proceeded to the Gold Coast to explain their policy to the West African farmers. Their mission was not a success.

Not long ago the serious fall in the price realised for West African cocoa caused alarm to a section of the West African merchants and induced the Liverpool Chamber of Commerce to urge on the Colonial Office the necessity for arranging an international agreement, whereby producers of this commodity throughout the world might combine to regulate output, and so ensure a fair economic price from the well-organised manufacturers in Great Britain and America. The proposal, however, was immediately opposed in the London Chamber of Commerce by the representatives of the cocoa manufacturers, supported by a representative of the combine, and this opposition succeeded in preventing any discussion of such a scheme.

The British Government will be false to the principles of trusteeship if it allows a situation to develop whereby producers in the tropical dependencies can be exploited by well-organised manufacturers in Europe or America. It is therefore suggested that this aspect of the question should receive immediate attention, particularly as the vast majority of those who are being adversely affected by the elimination of competition are quite unable to protect their own interests, and can merely show their

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dissatisfaction by the hold-up of their produce and the boycott of European firms.

Arguments against government intervention in the West African market and against any interference with the operation of supply and demand have been put forward by manufacturers in England, but arguments of this kind did not prevent government intervention to regulate the output of such commodities as rubber, sugar, tea and tin. In the production of these latter commodities much British capital has been invested, and in consequence the need for securing economic prices for them is urged in England and receives attention. As regards West African products, however, there is a danger that the interests of the manufacturers may receive greater attention than those of producers, who are inarticulate native people. It can be pointed out, however, that an improvement in the prices paid for the raw products of West Africa would necessarily increase the exports of British cotton goods and other manufactured articles to that area.

In the years before the war, it was the policy of the British Government to maintain equal facilities for trade in all our West African dependencies. This policy was modified after the war and a system of imperial preference introduced in Sierra Leone and the Gambia. In the West African colonies and protectorates, where any form of representative government must necessarily be of slow growth, the maintenance of the "open door" should be re-introduced as a policy beneficial to the people by enabling them, impoverished as they are, to buy their imported goods in the cheapest market.

To sum up the situation—although it is true that the present state of the West African produce market does not affect the living conditions of the majority of the people, it does indirectly have serious results by preventing local Governments, through lack of funds, from developing the medical and health services to which some twenty-six million people are entitled.

THE FUTURE IN CHINA

By a Correspondent in China

I. THE MILITARY SITUATION

THE fall of Canton and Hankow towards the end of October marked a turning-point in the progress of the "undeclared war" in China. Since those events there has been an almost complete lull in military operations. The Japanese forces have remained in virtually undisputed possession of their gains; but they have advanced no further. They have not been reinforced from Japan; certain units have been withdrawn from active operations in the south for the task of pacification in the north.

It may well be true that the Japanese advance had outrun its measure, given the territory occupied and the forces engaged. But the pause after the fall of Hankow was not a temporary breathing-space as after the fall of Nanking. Subject to the execution, at some later date, of one or more localised operations, the Japanese army in China has now moved of its own volition from the offensive to the defensive. Henceforth it must turn from the spectacular achievement of victories to the more pedestrian task of pacification. The replacement of General Hata as commander-in-chief of the central forces by a comparatively obscure and junior officer is symbolic of the altered nature of the task to be performed. The operations still contemplated are an advance along the Lunghai railway westwards from Kaifeng, in order to establish through traffic on the Peking-Hankow line, occupation of the entire length of the Canton-Hankow railway, and an expedition into Kwangsi in order to cut the passage of supplies from Indo-China through Nanning. But it is doubtful whether the military advantage to be gained from any of these projects would be

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worth the cost in men and materials; Japanese army opinion still seems to be divided on the matter.

For the Chinese military leaders the fall of Hankow also marked a fundamental change in the character of military operations. They had always stated that it would be the prelude to a different type of warfare—that positional operations on extended fronts would be replaced by planned attacks upon Japanese communications and Japanese garrisons, conducted by independent divisions, without heavy arms, moving over great distances and striking when opportunity favoured. The Chinese armies, drawn back to the west of the Canton-Hankow railway, are being reorganised for this purpose. The Chinese realise that they cannot hope to defeat the Japanese through orthodox military operations. They possess neither the equipment nor the capacity for organisation, neither the knowledge of modern warfare nor the generalship required. All that they hope to do is to keep themselves together as a political entity in the western provinces of China, and to harass the Japanese army of occupation over a wide enough area, and for a long enough period, to prevent it from exploiting its military success and from setting up effective administrative machinery in the territory under its control.

The Japanese army now holds a vast domain. It controls, in the richest and most developed provinces of China, the railways, the principal roads, the main commercial and industrial centres, most of the coastal and river ports—everything, in fact, which has been for the western Powers a source of profit and a channel for trade during the past century. Nothing is to be gained by plunging on into the interior of China.

The Japanese seem to have reconciled themselves to the fact that they cannot "destroy" Chiang Kai-shek and his associates. To this extent they have failed in one of their declared war aims. There will always be a Chinese Government of a sort in the far west of China to keep flying the flag of independence.

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The word *salomato* is sometimes used to describe Japan's present position in China. If applied to the military situation it is quite inappropriate. Very few of those who have watched the course of hostilities in China from both sides during the past eighteen months would deny that the Japanese army can go where it wills—even to Chungking—if it decides to make the necessary effort and to expend the necessary quantity of men and materials. Moreover, on all evidence of past achievement, the Chinese are not capable of effective counter-attack. China has yet to produce a military commander with real gifts of leadership and initiative.

Hitherto the activities of the so-called guerrillas have fallen sadly short of expectations. Evidence is difficult to collect and to assess; but it seems certain that the Japanese have experienced no really serious difficulties in maintaining communications, and that their losses, though unwelcome, have not been heavy enough to cause them grave embarrassment or to touch them very deeply. Guerrilla activity has been more successful in the northern provinces than elsewhere—partly because there it has been inspired and instigated by the Eighth Route Army (formerly the Chinese Red Army), long practised in the art of irregular warfare. But even there the guerrillas are now on the defensive, anticipating Japanese punitive operations, which will be hastened forward as troops are released from engaging regular Chinese forces. In the rich Yangtze delta between Shanghai and Nanking the countryside is settling down to conditions approaching normal: railway and road communications seem hardly to be interfered with. In many districts the guerrillas have degenerated into bandits and are feared more by the villagers than by the Japanese conquerors. It is true that the Japanese army occupies only railways, roads and waterways, and that in between these communication threads lie vast unconquered regions controlled by former Chinese local authorities and irregular soldiers, in varying stages between organised units in

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contact with Chungking and thoroughgoing bandits. But, so long as the guerrillas remain content, for the most part, with the exploitation of the districts where they hold sway, and refrain from engaging upon systematic, continuous and co-ordinated raids on Japanese outposts and communications, their presence need not seriously embarrass the Japanese.

Japan is apparently reconciled to keeping large garrisons in China for an indefinite period. Unless the Chinese Government can succeed in making the guerrillas a very much more effective instrument than they have hitherto proved themselves to be, and can provide them with morale, organisation and supplies, the Japanese should gradually be able to consolidate their position in the occupied areas and to develop the sources of income now available to them. At the same time, Japanese squadrons will continue regular and systematic bombing raids on Chungking and Kweilin, over Kwangsi and Hunan—unloading bombs on roads, bridges, waterways, commercial centres and military supply stores, on all and everything affecting the resources, authority and morale of the Chinese Government.

This is a picture that cannot be dismissed out of hand. The Japanese appear to be satisfied that, on assuming a general defensive position, they will be able without excessive difficulty to hold what they now occupy with considerably less than their present forces, which are reckoned at perhaps three-quarters of a million men in China proper. And the Chinese have yet to show proof to the contrary.

II. CAN JAPAN SUCCEED?

IT is a popular view that Japan, although succeeding in a military sense, will eventually fail on account of economic factors—that the enormous direct cost of the military operations, the strain upon Japan's general economy and the effort of pacifying and garrisoning China will

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prove so great a burden that it will eventually bring her to the ground; that Japan cannot command the capital which is essential if her military conquest is to be turned into a profitable commercial enterprise.

It would be a mistake to under-rate Japan's difficulties. These undoubtedly are great, and will probably become greater. Her economic system is seriously strained, and is likely to deteriorate still further. Her foreign exchange position is so weak that she is quite unable at present to remove one of the most formidable obstacles to her success in China. Japan's main economic objective in China is to expand the production of industrial raw materials—especially raw cotton—and to draw increasing quantities of these materials from the interior into the zones directly controlled by the Japanese army, for exchange with goods manufactured in Japan. But, unless the Japanese can provide a desirable currency for purchasing these raw materials, there will be a tendency to restrict production and to set up economic barriers between the interior districts where the Japanese army does not penetrate and the areas under Japanese military control. In these interior districts the currency of the Chinese Government still holds its value.

This problem is closely associated with the question of China's exports. If Japan can gain control of exports, finance them through Japanese banks, and divert them into Japanese channels from the long-established Western-financed and Western-staffed export agencies, she may be able gradually to build up a sufficient fund of foreign exchange to strengthen the currencies that she is trying to establish in the occupied territory.

Japan's difficulties have been increased by the brutality and lack of discipline of her troops. Compared with the days of the Russo-Japanese war the Japanese army has shown, in the China campaign, a marked deterioration in general morale. The lack of co-ordination between military and civilian elements, and the excessive power possessed

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by comparatively junior officers, have been the cause of serious mistakes and have hindered the work of reconstruction. The greed and corruption of some of her agents in China and the narrow-mindedness of her military representatives have made Japan's problem more difficult than it would otherwise have been.

It would be hard to exaggerate the cruelty and rapacity of the Japanese army in China. But at the same time it would be dangerous to attribute permanent feelings of bitterness and hatred to the conquered population. The Chinese are an extraordinarily adaptable people.

In spite of the obvious elements of danger and weakness, it would be rash to assume that, at least on the short view, Japan cannot succeed in China. Until now she has managed to regulate and adapt her economy to meet the stresses that she has placed upon it; and political economists with a taste for prophecy have not in the past been reliable guides to the future of States in process of becoming totalitarian. As for the Japanese occupation of China, it would be unwise to conclude that Japan will be unable to endure the strain of financing her garrisons and that the task of pacification will eventually prove too much for her. Japan neither must nor will pacify China. Her garrisons will occupy certain vital parts of the country, and from these areas she may be able in due course to draw sufficient revenues to support at least the cost of maintaining them. It is by no means necessarily true that unless Japan can obtain capital from abroad to finance the exploitation and reconstruction of China her whole adventure is doomed to failure. Financial assistance from abroad would be welcome: it would certainly accelerate Japan's economic projects and ease many difficulties. But it will not be purchased at the cost of any modification of Japanese policy. This has been emphasised many times by Japanese leaders, military and civilian alike.

It is not an urgent or vital necessity for Japan to embark upon the development of China in the grand manner.

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She can proceed gradually, at her own pace. Already she draws certain revenues from her conquest. Pinned Chinese capital, which has been saved from destruction, has been taken over and is being worked by Japanese interests. In the occupied regions, by exploiting railways, telegraphs, inland shipping and other services, and by levying a toll on goods passing through the main trading centres, Japan can gather revenues and is already doing so.

The gigantic projects of the "development companies" will probably have to wait. And it seems that for some years to come the cultivation and collection of cotton in North China—one of the principal economic purposes of Japan's adventure—will be far below expectations. Nevertheless, unless the Chinese are able to develop a capacity hitherto sadly lacking for co-ordinated and sustained guerrilla operations, only pressure from Powers outside China can prevent Japan from achieving, during the coming decade, a certain measure of success. Without such external pressure, or without a revolutionary change in Chinese military organisation and ability, Japan may in ten years' time be a world Power more formidable and more imposing than she is to-day.

III. THE THREAT TO BRITISH INTERESTS

THE trading and investment interests of America and the Western Powers lie almost entirely in those regions of China that are now under the control of Japan. As the purely military phase of the Japanese invasion recedes into the background, increasing attention is focused upon Japan's treatment of Western interests in China—particularly British interests, since these are the greatest. From the early days of hostilities, Great Britain was singled out by the Japanese army as the enemy, second only to China. In order to excite public sentiment about the China campaign it was politically useful to have an auxiliary foe: Great Britain was a convenient and reasonably safe

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whipping-boy. But the peculiar nature of British investment in China and the actual progress of hostilities made friction inevitable. The deliberately fostered campaign of propaganda against Great Britain inflamed passions which the circumstances would in any case have aroused.

Japan-in-China regards Great-Britain-in-China with feelings of deep resentment. This could hardly be otherwise in view of the fact that British property, British shipping and British treaty rights in China have constituted, in the very nature of things, a protection to Chinese Government agencies during the progress of hostilities.

The property of Chinese officials, the safety of their persons, their publicity, and the banking and currency structure of the Chinese Government, have been sheltered since the outbreak of hostilities in the British and French Concessions in Tientsin, the French Concession and the International Settlement in Shanghai, the French Concession in Hankow and the British crown colony of Hongkong. Within or on the edge of the territory conquered by the Japanese army there remain these rich enclaves, which are a source of profit and a haven of security for officials of the Government against which it is fighting. Its not unnatural resentment has been mainly concentrated against Great Britain. For the International Settlement of Shanghai is regarded by the Japanese as a British preserve (and indeed the administration and the non-Chinese investment are still predominantly British). Shanghai and Hongkong—the two great ports on the coast of China, tempting spoils that elude Japan's grasp—have played a vital part in prolonging China's resistance.

At first Japan moved cautiously where British interests were concerned. As it became clear, however, that the British Empire could be provoked with impunity, caution was discarded. During the past eighteen months, British nationals and British trading interests in China have been subjected to humiliating and almost consistently hostile treatment by the Japanese army. As yet, not one major

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case of violation of British rights or interests has been settled, despite the repeated protests of the British Government. The list of such incidents is a long one and cannot here be treated in detail. In terms of deliberate impediment to trading interests and uncompromising affront to established international rights, the outstanding grievances concern the Yangtze and Shanghai. The Japanese army still remains in forcible possession of about one-half of the International Settlement of Shanghai. This area is the heart of Shanghai; it contains most of the wharves and warehouses; in it is concentrated the bulk of the British investment. And it seems that Japan is determined to keep the Yangtze closed to non-Japanese shipping—which really means British shipping—until her own ships are securely established there.

The Japanese attitude is really inherent in the situation that has arisen. It is much more than a passing phase. Step by step, Japan's position in China assumes a shape that is fundamentally antagonistic to the treaty structure and trading establishment erected by the Western Powers. Japan no longer needs the protection afforded by the treaties. During forty years she has built up her interests in China as a partner in the peculiar protective machinery developed by the West; she has now stepped outside this machinery and into China itself. The Japanese army's attitude towards Shanghai is the same as the attitude of the Kuomintang in the old days. In the mouths of the servile Chinese administrative agencies that it is setting up in the occupied areas it is already reviving the former Kuomintang agitation for the surrender of concessions and the abrogation of "unequal treaties". The Japanese army officer regards Shanghai—its Western character and its wealth—with the same frustrated feelings of jealousy as did the young Kuomintang official a few years ago.

Emphasis has been laid upon Japan's hostility to Great-Britain-in-China: the United States has suffered less, partly because American interests are small compared with British

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interests, and partly because Tokyo, for good reasons, has been most anxious to avoid a quarrel with the United States. France, with her concessions in China, is entering a phase of increasing acrimony in her relations with Japan. But, having little shipping or general trade in China, the French are less vulnerable than the British. The United States, although suffering less provocation than Great Britain, is showing a sterner front to Japan.

On a long view, the interests of all three Powers are menaced by Japan's policy and aspirations in China. But Japan, by flouting their material interests and by treating with contempt their international rights, is needlessly creating deep antagonisms. This is a serious weakness in her present position in China. The machine is not completely under control. It is just possible that the Japanese army may eventually, through its own shortsightedness, provoke some form of external pressure upon Japan, thus conjuring up a process which, if once begun, may in the end deprive her of the fruits of conquest. At present the army seems incapable of relaxing its hold; for it feels that, if it surrenders any part of what it has taken, it may lose some vital product of its victory.

It seems certain that some form of retaliation on the part of the interested Powers is the only possible means of inducing Japan to mitigate her campaign against their interests in China.

IV. THE NEED FOR ACTION

THE British stake in China is an investment interest rather than a trading interest. Much the most important part of it is concentrated in Shanghai, where the direct investment—trading enterprises, factories and shipping operated and controlled by British companies on the spot—is computed at not less than £150 million, and where about eight thousand British nationals live. This is a foreign commercial dominion that has no exact parallel elsewhere.

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To-day there is much talk about the opening up of China's south-western provinces, and it is suggested that here British trade may find some compensation for its losses in central and northern China. Although, however, rapid changes are taking place in these provinces, their natural resources are sparse and they are likely to subside into their former obscurity when more normal conditions return to China. The commercial, as well as the military, potentialities of the Burma-Yunnan corridor are apt to be exaggerated. Shanghai and the Yangtze for the past hundred years have been the source from which Great Britain's profits have flowed, the real heart of British interests in China.

The course of our trade with China since the great war has led us to regard this market increasingly as an outlet for capital goods—equipment for railways and industrial plant. Our established trading organisations, before the blow fell in 1937, looked forward to expanding business in railway materials and factory machinery. These once bright prospects have disappeared. Japan's officially promoted "development companies" are to have monopolistic control of communications, public utilities and major industrial enterprise in North, Central and now South China. These companies would doubtless in due course welcome British capital, but only in order to facilitate the transfer to China of Japanese capital goods. All experience of the past, all knowledge of what has happened in Manchoukuo and what is now happening in North and Central China, confirms the view that, with Japan entrenched in China, British investment and the trade dependent upon it will steadily decline.

British-built railways are to-day being operated by the Japanese army for the profit of Japan. These railways used to represent, in materials, replacements and locomotives, a regular outlet for British trade. Under Japanese control it seems almost inconceivable that they can ever be so again. In her efforts to get the export trade into her own hands,

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Japan is establishing a stranglehold on British trading interests in Tientsin, Hankow and Tsingtao. These interests are considerable and long-established. But their chances of ultimate survival are slender if the Japanese continue their present policy unchecked.

This picture is to some degree obscured by the fact that certain British concerns in China are at present conducting operations at a profit. As a result of the destruction of Chinese fixed capital and the abnormal conditions created by hostilities, much unexpected business has come to the established British trading interests. This has enabled the British communities residing in China to survive the impact of the "undeclared war" much less distressfully than might have been expected, and it has given rise to a belief that British vested interests are so deeply entrenched that Japan cannot eject them. These interests are indeed built upon strong and well-laid foundations, and they will not disappear overnight. But it seems equally certain that, under Japanese pressure, they are facing, and must face, increasing difficulties. The fact that they have not suffered more hitherto has been due to temporary and abnormal conditions. The Japanese have been engaged primarily upon the prosecution of hostilities: it is now, as they settle down to exploit their conquest, that British interests begin to feel an inexorable tide running against them. They see closed to them inch by inch those long-established channels for trade and commercial activity upon which in the long run the investment structure that they have created is dependent.

Almost to a man, British merchants, bankers and investors in China regard Japan's conquest as a vital menace to the interests which they represent. They have come to the view that the only possible remedy lies in the application of pressure to Japan in fields, economic and financial, outside China. It is felt that there has been an exaggerated fear of "incidents" and their possible consequences in dealing with Japanese authorities in China, and that the

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progressive deterioration in Anglo-Japanese relations will continue unchecked unless or until British Government agents on the spot are empowered to act more resolutely in dealing with Japanese violations of British rights and property.

It is also felt that only some form of economic retaliation can induce Japan to relax her pressure on British trading interests. It is realised that the adoption of a policy of economic reprisals against Japan has serious disadvantages both in practice and in theory. The Dominions, whose major commercial interest in the Far East lies in exporting industrial raw materials to Japan, might in the ordinary way be opposed to it; and there are perhaps people in the City of London who still cherish the idea of lending money to Japan for the exploitation of China—apart from a very natural preoccupation with the question of safeguarding the service of past loans to Japan. But the issues involved are so far-reaching that no part of the British Commonwealth can ignore their ultimate implications. Apart from the question of imperial policy, the attitude of London loan markets is not necessarily the same as the attitude of those who hope to preserve their investments in China and to survive there as British traders and entrepreneurs, conserving a trading structure that it has taken a century to build up.

The Japanese discount the risk that retaliatory measures may be taken against them: they feel fairly sure that words will not be followed by action, and they count upon the continuance of three factors that have hitherto been of inestimable value to them—the economic and political weakness of Russia, the schism among the great European Powers, and the isolationist sentiment in America. To-day there are signs—a few small clouds on the horizon—that the third of these three elements in Japan's good fortune may be the first to melt away.

Great Britain must not rely unduly upon the United States, and it is vitally important that her politicians and

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newspapers should not give the impression that she is doing so. But it would be a tragedy if she failed to swim with any current that might lead to Anglo-American co-operation; it is essential to let the United States feel that Great Britain will not lag behind her in any action that she may decide to take in the Far East.

It is the general belief among the British communities in China that, if the Japanese can be shown—even by a few intrinsically unimportant measures—that retaliation as a British Commonwealth policy can be made a reality, they will relax, not intensify, their pressure against British trading interests. These communities, however, are fully prepared to face the risk of a temporary increase in their difficulties—believing, as they do, that the outlook for British interests is hopeless if Japan is permitted to succeed—on condition that the British Government embarks upon a long-term policy designed to prevent Japan from becoming sufficiently strong economically and financially to strengthen, and finally to consolidate, her hold upon China. In this connection, two factors must be taken into account. The first is the paramount importance of Shanghai and the Yangtze. The second is Chungking. On present appearances it seems that the “undeclared war” may be transformed imperceptibly into an “undeclared peace”, with Japan building up her position in the occupied territory while the Chinese Government, incapable of dislodging Japan, gradually loses power, authority and prestige. Political elements in favour of coming to terms with Japan may gain strength, and the Chungking régime may finally disintegrate. To assist the Chinese Government to maintain itself militarily and financially, and to support the morale of its adherents, is the natural corollary of a policy designed to limit the scope of Japan in China. It may soon be too late.

Shanghai,

January 1939.

NEW ZEALAND VOTES LABOUR

I. THE ELECTION RESULTS

AS the following figures show, the general election, held on October 15, produced relatively small changes in the party composition of the House of Representatives:

	Old Parliament	New Parliament
Labour	55	53
Nationalist	19	25
Other	6	2

The two Independents will usually support opposite parties, so Labour has an effective majority of 28. All Ministers were returned.

These figures, however, give no indication of Labour's sweeping victory at the polls. In the 1935 election most of the contests were three-cornered (National—Labour—Democrat), and no fewer than 35 members of the last Parliament represented minorities of voters in their electorates. In the recent election, on the other hand, there were straight contests between Nationalists and Labour in 68 of the 76 European constituencies, and in the new Parliament only one member, a Maori, is a minority representative. A comparison of the voting in the two elections shows clearly the swing to Labour and the lack of support for any but candidates of the main parties:

	1935		1938	
	Votes	Per cent.	Votes	Per cent.
Labour	392,927	46.1	530,432	56.1
Nationalist	280,152	32.8	388,213	41.0
Democrat	66,696	7.8	—	—
Other	112,759	13.2	27,763	2.9

The percentage of electors who went to the polls was very high, the average being nearly 93 per cent. In general it was the urban vote that favoured Labour; its

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new seats are all urban and four of them are metropolitan. The Nationalist gains are in the country, 22 of their seats being dominated by a rural vote. Notwithstanding the guaranteed price it was the dairying districts that returned Nationalists. Doubtless the weightage, or quota, in favour of the country enabled the Nationalists to win a few seats; for, while this quota is nominally 28 per cent. of the population of an electorate, it actually varies from 30 per cent. to 100 per cent. of electors because of the difference in the age-distribution of the population in rural and urban areas. It is easy to realise, therefore, why the rural areas fear the loss of the country weightage and why Labour leaders were reluctant to state their policy on this question.

The reputation of democratic government was not enhanced by the methods employed by either party; for there was little attempt to appeal to the sweet reasonableness of the voters. In the main the election campaign was characterised by propaganda based on fear. It was an election of bogies. Though the more responsible of Labour's leaders did not blame the Nationalists for the depression of 1931, their example was not followed by a great many of the smaller fry. The Labour propaganda was of a kind that would lead the reader to imagine that if the Nationalists were returned it would be difficult to avoid another slump, with all its dire consequences. The propaganda of the Nationalists was even worse, for they went overseas to find the evils that might be confidently expected if the people were stupid enough to vote for Labour. Tragedies in Spain and Russia were depicted as if similar events would be the inevitable consequence of the return of Labour to power. Such methods only inflame emotion, drive a wedge between different sections of the community, and embitter social relations. If democracy is to live, it must in the first place learn to fight its elections on a higher plane and with more intellectual and less emotional weapons.

THE ELECTION RESULTS

Nearly all the newspapers were against Labour, whose spokesmen complained bitterly of unfair tactics—a complaint, indeed, that was rather over-worked. The election results seem to indicate that the press as a means of influencing public opinion is a dying power. Other forces, such as broadcasting, are taking its place. To a large extent the papers have only themselves to blame; for on the whole they failed to take an objective view and on occasions resorted to doubtful methods. On the morning of the election, under the title "Defend our Freeland", the *Dominion* (Nationalist, Wellington), published a leading article in which readers were told that the recent fearful European crisis was created mainly by a system of government under which a socialist dictatorship had deprived the people of freedom, and it warned the electors that it was this system that the Labour party desired to introduce into New Zealand.

To-day you will exercise a free vote because you are under this established British form of government. If the socialist Government is returned to power your vote to-day may be the last free individual vote you will ever be given the opportunity to exercise in New Zealand.

Before the poll almost all the press was agreed that the election issue was for or against socialism. Yet no sooner were the results known than leading newspapers declared that the voting had nothing to do with this issue.

On the other hand, the Government took a very unfair advantage of its control of broadcasting by allotting time over the air, not on the basis of an equal contest between two parties, but in proportion to the representation in the old Parliament, which was already dead. Further, the use made by the director of commercial broadcasting of his privileged position did credit neither to himself nor to the Government that permitted it. Both sides attempted to arouse the public's passions, and their success in doing so increased the difficulties of post-election problems. There was, however, less interruption of meetings and less

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horse-play by irresponsible hooligans than in many previous elections. For this the credit was mainly due to the Minister in charge of police (Mr. P. Fraser) and the Commissioner of Police, who made it plain that those who broke the law in this respect would be brought to justice. Determined action scotched this method of attempting to defeat democracy. The increased interest in the election and the large vote were due primarily to four causes: the practice of broadcasting parliamentary debates, as a result of which the mass of the people had grown more politically-minded; the aftermath of the depression, which had made many electors realise how closely political action might be connected with their own immediate welfare; the energy that was thrown into the contest by the two parties, each well organised for what it felt was a decisive battle; and the fact that polling day was a Saturday and beautifully fine.

II. THE BACKGROUND OF THE ELECTION

THOSE who were greatly surprised or perturbed by the result of the election sought an explanation in many different directions. Failing to find it, they came to the conclusion that a political revolution had occurred overnight. This seems to be very far from the truth. A review of the past forty years throws light on a result that may otherwise appear inexplicable to those staggered by defeat. Even before, but more clearly since, the days of Seddon, there has been in New Zealand a movement to ameliorate the condition of the masses, a movement in which it has been impossible even for nominally conservative Governments not to play a part. In the closing years of the last century, the movement was manifested in the social legislation that made New Zealand famous. That legislation aimed at shorter hours of labour, higher wages, safer and more hygienic conditions of work, and some provision for the old age of those who had been

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unsuccessful in the economic struggle. This movement continued in the present century, but varied its pace with different Governments and varying economic conditions. The success of the Labour party in 1935 implied no fundamental change, but the tempo of the movement greatly quickened. Side by side with this movement, but not altogether independent of it, another movement has developed, aimed at the more equitable distribution of the national income. The accelerated pace of these trends can be largely explained by the psychology induced by two experiences through which New Zealand passed between 1914 and 1934.

The great war brought home to many people that the heaviest burdens of civilisation may be placed on the shoulders of those who do not receive a fair measure of its benefits. The events of 1914-18 drove the iron into the souls of many of our citizens. There arose a genuine desire that returned soldiers should be treated as liberally as circumstances would allow. The mass of the people never wavered in their view that these men and their dependents should not be compelled to struggle for a livelihood under unfair conditions created by their absence on active service. No Government since the war has escaped criticism for its failure to deal even more generously with some aspect of this many-sided problem. It was not unnatural that the question should be raised: if this is done for soldiers, why not for civilians?

The depression years produced the occasion. The community was brought face to face with the fact that national burdens may be unequally distributed in peace as well as in war. There were thousands who believed that in this crisis the coalition Government failed, failed to consider welfare as against wealth. No doubt the slump produced a new and difficult problem for those in political power. Mistakes may be forgiven, but the attitude of mind that makes public men think first of wealth and then of welfare is liable to produce, not only in the sufferer but

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also in the sympathetic onlooker, a deep and lasting resentment. This resentment was increased, at the time, by the action of the Government in extending its life for a year and thus refusing to allow the people to pass judgment on its policy at the end of the normal life of Parliament. This additional year brought nemesis; the forces of resentment showed themselves in the 1935 election. The Democrats coming into the fray gave Labour its opportunity, but the effective force was the electors' resentment against the actions of the coalition Government.

Furthermore, the financial manœuvres of the war period seemed to many people to justify a belief that some of the evils of modern economic life could be traced to monetary sources. All over the world, currency methods were in the melting pot. The old system based on gold was thoroughly shaken, even where it did not disappear. Nor were there wanting optimists who thought that the gate of currency manipulation led to paradise. Although history shows that this road leads to disaster, there is no gainsaying that these opinions exerted a powerful influence in the 1935 election.

And although the Douglas Credit Movement withered away almost as rapidly as it had blossomed, nevertheless it can be said finally that the Douglas Credit Movement's activities were the corridor through which tens of thousands of voters entered the Labour party.*

No one can deny that during its three years of office the Labour Government made wealth subordinate to welfare; indeed, the main criticism has been that not enough attention has been paid to the junior member of that partnership. The accumulated funds in London and the years of rising prosperity made the task of the first Labour Government easy; perhaps, as it may now seem, too easy. But the Government was certainly animated by a humanitarian spirit, and was trying to carry out more fully and

* *Socialism in New Zealand*, by J. A. Lee, Under-Secretary for Housing.

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effectively the political tradition of half-a-century, the raising of the standard of living, of the mass of the people.

In the pre-war year social services expenditure was £2,123,815; in 1931 it had risen to £10,587,858, the population increasing from 1,154,000 to 1,500,000 over the same period. For the year 1935-36, at the end of the depression in New Zealand, it was £14,313,331. With the restoration of salary cuts and the notable extensions brought about by the Labour Government the 1937-38 figure is estimated at about £18,000,000, £11 per head as compared with £9 5s. 6d in 1930-31 and £1 17s. 1d in 1913-14.*

The success of the Labour party in the 1938 election thus seems to have been due to a number of influences working together. Its policy was in line with the traditions of this country. In the direction of social reform a great deal had been done by members of the Opposition party. Under Messrs. Massey, Coates and Forbes, the state assumed many important functions in the control of industry and in the improvement of social services. New Zealand had become familiar with experiments in state socialism. The world situation could not fail to make her people aware that other countries were facing similar economic problems and were dealing with them by methods not formerly regarded as orthodox. The general atmosphere was unfavourable to orthodoxy. Labour had seized the opportunity of 1935 with both hands, had acted vigorously and had thus added the "propaganda of the deed". Masses of people could see the effect of this in their daily lives; higher wages, shorter hours, longer holidays, better pensions, these were manifestations that all could understand. Even the Nationalists, therefore, however much they might discount Labour's achievement as the by-product of prosperous times, could not deny that the Government had made a radical and far-reaching effort to place the claims of welfare before those of wealth. On

* *Contemporary New Zealand* (Oxford University Press, 1938).

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election night the Minister of Finance (Mr. W. Nash) said:

We know the tasks before us. We will not divert to the right or to the left; we will go straight ahead to build a better country than ever before and while we are building it we will keep our feet on the ground. We will keep trying for greater, brighter, better things for everyone but more particularly for the bottom dog.

Labour, therefore, had given much and promised more.

On the other hand, however much the Nationalist party attempted to dissociate itself from the abused coalition Government, by change of name and by change of leader, it failed to do so; the line of descent was too clear. The leaders of this political group seemed to have no realisation of the psychological effects of the depression period. It is easy enough to record results in terms of numbers unemployed and sums spent in relief, but who can measure the effect on the outlook on life of those who suffered? Indeed all those who acted on unemployed councils, those who visited the camps for the unemployed, ill-equipped as they were for human welfare, however adequate for human existence, members of social and religious agencies that took part in the efforts, private and public, to mitigate the evils of those years, all had their emotions stirred and their attitude towards political problems profoundly altered. Many of those who occupied the middle ground between the contesting parties cast their votes in favour of Labour. Politicians now know that resentment has a much longer life than satisfaction.

In the circumstances, the actual result could have been prevented only by a dominant and popular leader at the head of a party pledged to support a policy liberal enough to attract voters in the middle ground. But the Nationalist party met these requirements in neither respect. Its leader had been Minister of Unemployment in the coalition Government, and the real policy of the party was merely negative. It was against socialism. But negatives seldom move human beings; in any case, the bog of socialism

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carried no fears for New Zealand except, perhaps, in the country districts where the farmers feared the socialisation of their lands. This appeal was particularly weak when made by a party some of whose members had been responsible for so many socialistic changes that when Labour did come into office it found all the leading cases decided in its favour. It had but to extend and develop the machinery that its predecessors had provided.

It will be seen that the Labour Government of New Zealand inherited an economic structure which contained more socialism than any economic structure inherited by any democratic Government of socialistic intention. The foundation existed when the Party was given the opportunity.*

On its positive side the Nationalist platform was little more than a weak imitation of, or alternative for, some planks of Labour's platform. In view of the Nationalists' anxiety about the financial position, many of their own supporters were doubtful whether the promises made by the party could be redeemed if it were returned to power. Thus the criticism of extravagant expenditure fell on deaf ears.

New methods of stimulating the feelings and imagination of the people and enlarging their knowledge were also important. It was certainly an effective move for the Labour party "to put Parliament on the air". While Parliament was sitting, the time of the main broadcasting stations was given up to its debates. By these means thousands of electors, who developed the habit of listening in, made more vital contact with political discussions than ever before. As recent American experience has shown, to many people the broadcast comes "as a voice from on high". To this wooing through the ear was added the appeal to the eye of the striking films prepared by the Minister of Public Works. He showed how the people's money was being spent by his department and what surprising results were being economically obtained. But who

* J. A. Lee, *op. cit.*

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can say what was the purely emotional effect of seeing the machines in action?

The selfish material argument—that of loaves and fishes—was certainly important. The contrast between the years of depression and the years of prosperity exerted a powerful effect. On the basis of their actual experience large numbers of people—skilled and unskilled workers, shop-keepers, civil servants—had little doubt that they personally would be better off under the Labour régime. Special legislation had considerably improved the positions of clerks and farm labourers. Social security was promised in the future. On this ground Labour must have scored heavily. Trade unionism had been rapidly extended through compulsory unionism, whereby large numbers were brought directly into contact with the propaganda of the Labour party. The fact that unions were permitted by law to make contributions from their funds for political purposes provided financial strength for Labour. By these forces the Nationalists were defeated and Labour was carried to power.

III. AFTER THE ELECTION

WHEN the election was over, the Prime Minister said that there was nothing new to report, that there would be no changes in the Cabinet and that the immediate task of the Government was to consolidate its position and prepare for the operation of the Social Security Act in April next.

The first thing we have to do is to establish ourselves where we are. . . . We are like an army; it is no use reaching a particular point unless you can hold it. We want to make it quite clear to those who have money to invest that it is our job to see that it is not driven overseas. That is a pure economic problem; it is not a question of politics or advanced ideas. It is just plain fact.

The Government, however, was not to be free to give its mind to consolidation, administration and the difficult

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problems connected with social security. Two questions forced themselves to the front: industrial disputes and finance. Hardly had the election results been recorded than the Government was faced with a series of strikes, threatening to interfere with production, on the extension of which, so Ministers said, depended their power to carry out their policy. The most important of these industrial troubles were a strike of the 1,600 workers at the Otahuhu government railway workshops and a ten-day waterside strike at Auckland, involving nearly 100,000 tons of shipping. Fortunately, Ministers stood firm, and all the strikers returned to work and submitted their disputes to the existing tribunals. If the aim was to bring pressure on the Cabinet, the strike weapon failed. But the situation was a difficult one for the Government, and Ministers urged the workers to adopt a more reasonable attitude. The Minister of Public Works (Mr. R. Semple) said that it was time disgruntled minorities in trade unions woke up and realised that in fomenting stupid, comic-opera strikes they were enemies to themselves, to their unions and to the country.

These industrial disputes came at a very inopportune time; for the Cabinet was about to launch a campaign to increase production by inviting producers, manufacturers and workers to combine in producing more goods, primary and secondary, in order that exports might be increased and imports be diminished by the substitution of goods made locally. Government action in this direction was stimulated by the drain on London funds and the increasing indebtedness of the Government to the Reserve Bank. In March 1936 the net overseas assets of the banking system totalled about £NZ.44 million. Apart from seasonal fluctuations, however, they had dropped steadily. At the end of June 1938 they were about £NZ.26 million, and since then they had fallen rapidly to £NZ.8 million at the end of November. The reserve ratio of the Reserve Bank had fallen since June 1938 from 75.8 per cent. to 32.68 per

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cent., the legal minimum being 25 per cent. Professor Tocker of Canterbury university college estimated

that the fall of about £18,000,000 in London funds from May 1938 to the present was accounted for to the extent of approximately £6,000,000 by excess imports, about £9,000,000 by the normal seasonable variation in the state of the funds, and about £3,000,000 by the export of capital, though the last figure was one that could be nothing more than a wide approximation.

The Government had called on the Reserve Bank to an increasing extent for advances other than those for the Marketing Department, the total having risen steadily from £4.5 million to £8.5 million. The note circulation had increased from £8.8 million in September 1937 to £9.8 million in September 1938, and to £14.5 million at the end of November.

On November 19 a danger signal was hoisted when the Reserve Bank raised the discount rate from 2 per cent. to 4 per cent., but as there is no bill market in this country the significance and influence of this change were difficult to estimate. The event caused widespread uneasiness in the business world. In view of the national programme of expenditure it seems strange that the Minister of Finance had not seen that a monetary stringency was likely to arise and did not take steps to counteract the influences at work. Business people naturally began to think of the course the Government would follow. Would it reduce expenditure, especially on public works? Would it raise the exchange premium in London? Would it raise a loan in New Zealand? Would it raise tariffs? Would it ration imports and license exports? Though there was a precedent for the last measure, there seemed to be so many solid political objections to any of these suggestions that the public were left guessing.

The Prime Minister announced that social security would not be postponed and that the country must organise itself to produce more both of primary and of secondary goods; and early in December the Government began over

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the air a campaign to stimulate production. It was suggested that the Bureau of Industries had a scheme for developing secondary industries, but no indication of its nature has yet been made public. It was obvious, however, that the position of the London funds could not wait on the course of production, which had actually decreased. For the ten months ending October 1, the excess of exports over imports was over £11·5 million in 1937, and in 1938 less than £4·4 million.

IV. CONTROL OF EXPORTS AND IMPORTS

ON December 6, regulations empowering the Government to license exports and to control imports were notified in the *Gazette*, which also contained a notice by the Minister of Finance suspending the statutory obligation of the Reserve Bank to pay out sterling in exchange for its bank notes. In making the announcement in the press the Minister said :

The purpose of the regulations and the control are to conserve our overseas funds to ensure that our debt commitments (local body, national and private) are met on their due dates, and that the payments for essential imports are fully provided for. The necessity is due to the continuous decline of our sterling funds on account of over-importation, particularly during the past two years, accentuated by capital transfers during the past year.

The Prime Minister was reported as saying that there was no alternative to the present plan of regulation except to reduce the standard of living, and that the Government was totally opposed to that. All export and import trade has been brought under licence in order that the use of overseas funds may be subject to the direction of the Reserve Bank. In regard to exports, the licence is issued only if the exporter undertakes to sell the foreign credits arising from the sale of the exports to one of the trading banks in exchange for New Zealand currency. In turn the trading bank, except in cases approved by the Reserve Bank, must pay to the

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latter or its agent the overseas credit in exchange for the equivalent in New Zealand currency. No goods may be imported except under licence. The administration of this difficult work is entrusted to the Customs Department. Licences for export are of three kinds: general, particular, and purchaser's; general licences will be issued by the Comptroller of Customs, the other kinds by collectors of customs. Applications for licences to import must be made to the collector of customs at the port of entry.

It has been announced that in dealing with applications to import the authorities will aim at providing (i) for overseas debt services; (ii) for the purchase of goods and materials, preference being given to those which constitute essential requirements and which cannot be produced to advantage in the Dominion. While the Minister of Finance said that the change had been rendered necessary by the decline in sterling funds, the Prime Minister informed the press that it was not an emergency measure but "the practical expression of our insulation plan". Questioned concerning the duration of the control plan, the Prime Minister said, "It will be for ever, I hope". The Government pointed out that a similar plan had operated in December 1931, when the fall in the value of our exports was deemed to require an exchange pool in order to ensure the service of overseas debts. On that occasion it was purely an emergency measure, lasting until June 1932, and was administered through the trading banks. On the administration much will depend. If the scheme is part of an "insulation" plan, and all the details of administration have been thoroughly worked out and an adequate and competent staff provided, the business community, however much it may dislike it, will be able to adjust itself to it. But if, as seems likely, the plan has been forced on the Government at short notice and without adequate preparation, the resulting delays and irritations may give rise to endless troubles, great losses and further unemployment.

The Government intends to raise locally a loan to

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meet capital expenditure on railway and electrical equipment and other public works. No details of the loan are yet available, but in view of the price of government stocks it will not be an easy matter to fix a rate of interest that will attract the required capital. In any event it has become clear, even to Labour, that it is unable to keep the promises with which it wooed the electors without raising the cost of living. The price of butter on the local market has been raised in line with the increased guaranteed price, a 10 per cent. increase has been announced in railway fares and freights, increases in some postal rates have been made, and most commodities have risen in price. Already there are indications that as a result of increasing costs there will be demands for further increases in wages, and consequently greater difficulty in maintaining the output of industry, to say nothing of increasing it as the Government's policy requires.

It is the pace with which Labour has moved, and some of the methods it has employed, that have caused anxiety among those who desire to live in a more stable economic and social world. The general policy of social amelioration is not likely to be an issue at any future election. The pace at which the policy can be most safely implemented, and the methods that are most likely to bring about the desired changes without producing economic and social instability, these are questions on which there may well be differences of opinion. It is probable that in the future political parties will struggle, not over the aim, but over the means. New Zealand has moved on. Whither? That is still doubtful and only the future can decide. The next few years will determine whether the Labour Government can develop means and power adequate to its purpose, or whether, acting too hastily and without foresight, it will fail, and set back rather than advance social progress.

New Zealand,

December 1938.

DUST BOWLS OF THE EMPIRE

I. HOW SOIL EROSION HAPPENS

LATTERLY the popular imagination has been moved by spectacular accounts of the dust storms which enveloped in darkness great areas of the middle and eastern United States during the summers of 1934 and 1935. After a season of drought, the searching winds that gather strength on the open plains of the middle west were able to lift the lighter particles of the cultivated soil and carry them westward even into the Atlantic. The most stricken area, stretching from eastern Colorado to the "panhandle" of Texas, became known as the "Dust Bowl", but similar destruction was at work even across the frontier in Saskatchewan and Alberta. The public heard of the darkness that fell upon the cities and of the householders' losses from the all-pervading deposits of grit and dirt, but more serious was the fact that from millions of acres the few fertile inches of top soil had been blown away, until the farms would no longer yield a paying crop. It has been doubtless no small factor in the continuance of financial depression in America that so much land in the west, carrying mortgages and often charged with further indebtedness for implements and the like, was suddenly found to have lost its value and could hardly be expected to become productive again for a generation.

For some years before these events, similar problems had been demanding the attention of the Governments in Africa; the evidence accumulated in the reports of the Drought Investigation Commission of South Africa (1923), the Native Economic Commission of South Africa (1932), the Kenya Agricultural Commission (1929), and the Kenya Land Commission (1933), all showed how rapid was

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becoming the decline in the productive capacity of much of the land in Africa, though rain rather than wind was the agency removing the soil.

Thus from one source or another there sprang up a general consciousness of the gravity of the problems presented by soil erosion in almost every country where recent settlement or the growth of population had led to an intensification of agriculture.* Specialists had often reported on particular cases, but their warnings had carried little weight with Governments, who are occupied more with the political aspects of agriculture than with the fate of the land. At last, however, Governments have been forced to realise that matters cannot be allowed to drift, even though the measures that must be adopted in order to preserve the land as a means of production involve actions of a kind to which all Governments are most averse, namely, interference with traditional methods of farming and the right of a man to do what he likes with his own land.

The question has always been asked whether the land may not be exhausted by continuous cropping, since with each crop is taken away some of the elements of fertility of which there is only a limited stock in the soil. Just forty years ago, Crookes warned the world of the approaching shortage of food through the exhaustion of the nitrogen content of the soil. He indicated that the threat of famine would be removed by the chemical processes of bringing the nitrogen in the atmosphere into combination, which were then in their infancy. But Crookes had failed to take into account the biological processes whereby nitrogen is brought into combination and fertility restored, actions that had been the foundation of good agricultural practice in western Europe since the time of the Romans and in China for an even greater period. Before artificial

* *Erosion and Soil Conservation*. By G. V. Jacks and R. O. Whyte. Bulletin No. 25 of the Imperial Bureau of Pastures. (Aberystwyth, 1938.) Also Bulletin No. 36 of the Imperial Bureau of Soil Science. (Harpenden.)

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fertilisers were thought of, English farmers had learnt a rotation that would maintain the production from the land indefinitely, while the Chinese with their composting methods were keeping up an even higher level of fertility. But the men whose conquest of the prairies of the middle west of North America, of the pampas of South America, of the wheat-belt of Australia, let loose that flood of wheat and other food which enabled the population of the world to take its unprecedented upward leap in the nineteenth century, were rarely farmers in any real sense of the word. They were simply miners of whatever fertility had accumulated through the ages in the virgin soils.

Native cultivators in Africa and elsewhere are also miners; they clear an area in the forest and cultivate it for three or four years until fertility declines and weeds grow troublesome. Then they move on to another plot, leaving the jungle to reassert itself, and after a period ranging from ten to thirty years the abandoned area becomes ready for cultivation again. With increased numbers, however, the land available for this shifting cultivation may cease to be adequate; the turn of any particular piece of land to be put again into cultivation comes round before the soil has had time to recover its fertility.

We have thus two forms of soil exhaustion at work—the natives who are practising the most primitive of all kinds of farming, and the modern migrants into the new countries, who are armed with tractors and other power implements. Both are reckless of the fate of the land—because they believe that the supply of land is unlimited and they trust to moving on. Both natives and settlers have to learn the same lesson—how to cultivate their land so that it will retain its power of yielding crops continuously for an indefinite period. This necessity has become the greater because the exhaustion of fertility is generally accompanied by physical removal of the soil itself. The methods of cultivation that reduce the stock of plant

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food also expose the soil to attack by running water or by wind.

Soil erosion is no new phenomenon; within historic times it has contributed to the impoverishment of Greece, Calabria and other lands in the Levant, and it was even a factor in the decay of ancient Greece and of the Roman Empire. The hill country of Palestine has been described as an artificial desert. In these regions the rivers possess no extensive catchment area, though they take their source in a mountain region and have a rapid fall before reaching the zone of meadows and cultivated land that precedes their entry into the sea. The high watershed in which the rivers take their rise was originally clothed with forest, and the lower slopes again would be forest and grassland before the cultivable lowlands were reached. But all too commonly these forests have been recklessly destroyed. Timber and firewood have always been needed, but it has taken man a long time to learn that the forests must be put under strict regulation if the supplies of these necessities are to be maintained. Even more destructive than felling for timber has been the spread of grazing; goats are the worst sinners, for they prevent the natural regeneration of forests by eating off all the seedlings.

When the forest cover is destroyed, any heavy rainfall soon begins to gather into a running stream, which finds places where the surface has been broken; there it bites and begins to wash away the soil. The scar extends downwards and spreads laterally; it is only a question of time before the whole of the soil is removed from the steep slopes, which are laid bare down to the rock or the hard and infertile sub-soil. At the same time, the streams become overcharged with the silt-laden water; the rivers flood rapidly and deposit their burden of sand and mud on the meadows or in the quiet reaches of the lowlands; the harbours at their mouths become choked with deposits from the uplands. The rivers become subject to floods in the rainy seasons, and are stagnant and malarious pools in the dry periods; the

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agricultural value of the catchment area may be minimised. At some later period a reclamation scheme may drain the marshes and canalise the flood channels, and, by impounding some of the water for irrigation, recover some fertile land for cultivation. Such indeed has been the history of the Pontine Marshes.

It was the spectacular dust storms of the United States that first brought soil erosion conspicuously before the public. President Roosevelt established the Soil Conservation Service in order to carry out certain work under the "New Deal", the scope of which may be best appreciated from the report of the Land Planning Committee of the National Resources Board, presented in 1934. This organisation has been a great educator beyond its direct work of regenerating many of the wasted areas of the United States. It has taught the public that a river basin has to be treated as a whole, that soil erosion is a problem that affects the whole community. Deforestation near the head waters alters the régime of the river into an alternation of floods and droughts; to meet the latter the river may be dammed to store the flood water for irrigation, but then the reservoirs silt up rapidly with material eroded from the uplands. The river-bed also rises as the silt deposits accumulate, and the banks and levees have to be continually raised until the river becomes high above its former flood plain, more dangerously situated than ever.

The Soil Conservation Service has been the chief instructor in methods of dealing with erosion, just as it has been the chief agency in that necessary first step of making people erosion-conscious. For, as one Director of Agriculture in Africa remarked at a recent conference, "if you want to see experimental illustrations of erosion in progress you have only to look at the gardens of the white officials". In Palestine a voluntary service of soil-erosion observers has been established—men and women, not officially connected with the Agricultural Department, who merely send in a note of any place where they see erosion

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beginning; for a trifling accident may initiate widespread disaster. In *Rich Land Poor Land*, Stuart Chase describes a gully in Georgia:

The land fell almost sheer for 200 feet. We stood over one of the gully's arms and far down caught a glimpse of the central basin. The Guide took up the tale. "Do you know what started him? A trickle of water running off a farmer's barn about forty years ago. Just one damn little trickle, and now a third of the county's gone—forty thousand acres".

The whole story of soil erosion is varied and complex, depending upon climate and configuration, even to some degree on the chemical composition of the soil. Soils rich in humus and containing lime in their clay easily develop and retain a crumb structure; with the loss of the humus and the substitution of soda for lime in the clay, the soil becomes less stable, loses its porous structure and will readily wash away. The dangerous climates are those in which periods of drought may be followed by torrential rains; the amount of the rainfall is of less moment than its distribution.

It would be too much to say that all examples of soil-drifting are due to the operations of man; for deserts have existed long before man was able to initiate them, and in the Sahara areas can be traced where wind-blown sand has buried river valleys carrying perennial water. But man is the culprit with whom we are in practice concerned. Wherever agricultural operations are such as to bare the surface of the soil for any length of time, it becomes open to the attack of wind or water, and erosion usually starts in this way. But an example is quoted from the United States where the operations of a copper-smelting plant, by destroying the vegetation by the sulphur dioxide from its chimneys, has brought about the gulying of an area many square miles in extent until it is impassable by man or beast.

II. SOIL EROSION IN THE EMPIRE

IN the British Empire wind erosion on any large scale is to be found only in Canada and Australia. The Canadian soil-drifting in the prairie provinces became serious in

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the years 1931 to 1934, when invasions of grasshoppers added to the damage wrought by drought and wind. Southern Saskatchewan and Alberta and the south-western part of Manitoba were chiefly affected; for there the farming was of a somewhat crude description which depended wholly upon growing a succession of cereal crops. Over much of the land the rainfall is too low to permit of continuous cropping—a summer fallow is taken every third or even every other year. This “dry farming”, which by conserving in the soil the rainfall of the fallow season had opened large areas of western America to cereal growing, had for some years been a successful innovation, and during the years of high grain prices had led to the breaking up of much land where the rainfall is under 20 inches. For some years the farmers had been very prosperous, thanks to seasons of good rainfall and to the original stock of water in the soil, but as cultivation continued the mat of fibrous roots derived from the original grass cover of the prairies decayed away. The soil, thus deprived of its binding material, became liable to drift when bare during the fallow or before the newly sown crops had taken possession. Over much of this area the soils are thin glacial drifts, but even the more clayey soils are found to blow in the drought.

It is not merely the loss of humus that allows soil to drift, for the black humus-rich soils will also blow; it is the network of fibrous roots of grasses and clovers that is really effective in stabilising soil. Indeed, investigators both in the United States and in Russia are beginning to regard an alternation of grass with crops as the basic principle of any permanent system of farming that will preserve both the structure and the fertility of the soil. We can compare the spread in Great Britain of an “alternate husbandry”, in which a short succession of corn crops follows temporary grass of three or four years' duration.

Without doubt there are many abandoned farms in the

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Canadian prairie provinces so deeply eroded that they cannot be restored to cultivation for at least a generation—indeed, on which it is doubtful whether the plough ought ever to work again. But on the land that has not suffered so drastically various remedial measures are being applied. Most effective had been the adoption of strip farming, in which the fallow land is distributed among the cropped land in strips from 50 to 100 yards wide, the strips running from north to south at right angles to the prevailing wind. Search is also being made for suitable forage crops to alternate with the cereals, and thus to widen the scope of the prairie farmers' methods by including stock-keeping. Tree-planting is also essential, both in shelter belts on the farms and perhaps in more extensive plantations which will minimise the sweep of the winds over the gently undulating and at present almost treeless prairie. But the climatic conditions are so special and so severe that a good deal of investigation and experience is needed before the right plants can be found. In Alberta and Saskatchewan a survey of the utilisation of the land, now being carried out, will provide information regarding the areas on which farming is likely to be remunerative and those which should be retained for ranching, since ploughing would be followed by disaster.

In Australia, the erosion problem chiefly affects the pastoral interior, where the fluctuating rainfall rarely exceeds 10 inches in the year. Occasional overstocking is almost inevitable; the head of cattle or sheep may be no more than is easily carried in normal times, but after a run of dry seasons the vegetation is reduced below the possibility of regeneration, the surface soil begins to blow away, and the infertile sub-soil is exposed. Moreover the rabbit plague is peculiar to Australia; even though the rabbits may not be directly conflicting with the stock in favourable seasons, they hasten the advent of overstocking, and by breaking the surface with their burrows they supply starting-points for wind erosion.

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In the Mallee country also, where the original vegetative cover has usually been burnt off, continual cropping with wheat has left the soil without any natural stability. Sand drift has become acute in South and Western Australia. There the only remedial measure appears to be the creation of wind-breaks; in the pastoral areas favourable terms are being offered to lessees who will shut up and regenerate a certain proportion of the land they control.

Space does not permit of any consideration of the serious cases of erosion in India, to some of which Sir Albert Howard called attention as early as 1915. But they are of the same character as those already described; they arise from shifting cultivation, deforestation and overgrazing. The wasting of hitherto productive land is adding terribly to the problem of the increase of population of India.

Ceylon and the island colonies nearly all report serious cases of erosion. Sugar and cocoa estates seem to be free from damage, and the other plantation industries—rubber, tea and so on—are now aware of the precautions to be taken in the heavy rainfall areas. But the growing population is pushing cultivation up the steeper slopes in bush or forest, and with the peasants' ignorance of all measures of soil retention the surface is soon removed, and a fresh cut has to be made into the belt of trees which should be the protection of the better lands below.

III. THE PROBLEM IN AFRICA

IN Africa, wind erosion affects only a few areas, the most notable being in Northern Nigeria, where the Sahara is reported to be moving southward owing to the deterioration of the forest by burning and overstocking to meet the needs of a growing population. Drifting starts from the bared soil under the hot Harmattan winds in the dry season. All the African colonies, however, are suffering severely from erosion by rain, either gullying or the less spectacular but more insidious sheet erosion which may

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gradually and almost imperceptibly remove the fertile surface soil.

In the Union of South Africa the growing deterioration of the pastoral areas has long been recognised. There was a select committee on erosion as early as 1914, but probably the conditions are most fully set out in the report of the Drought Commission of 1924. Popular opinion attributes the drying up of springs and water-holes to a change in the climate, but there is no positive evidence to support this view, and erosion alone has been sufficient to account for the damage. It may be agreed that the nature of the soil and the climate, with its alternations of drought and heavy rains, are favourable to erosion, but the methods of management of the veldt have accentuated rather than guarded against the dangers. The prime cause of the deteriorating herbage is overstocking, and, as the vegetative cover is reduced, surface erosion both by wind and by water begins. Overstocking is always likely to occur where the fluctuation of the seasons is great; for the farmer is tempted to try to keep the numbers of his stock near the maximum carried in a good year. Local overstocking comes with the driving of cattle into kraals at night as a protection against jackals; the surface is broken and the wind attacks the open sores.

Then there is the vexed question of veldt-burning, which is held by all the old farmers to be necessary in order to destroy the inedible withered grass and give room for a fresh spring growth with the rains. But veldt-burning, however legitimate when settlement was thin and pasturage in excess, becomes dangerous under closer stocking. It means waste of the nitrogen and organic matter that should be building up the humus reserves of the soil; it renders the soil more susceptible to erosion, and it is not sufficiently effective in controlling ticks to dispense with dipping. However, many of the grasses constituting the natural vegetation of the veldt possess a coarse tufted habit and become too harsh for grazing, so that as long as they persist

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burning will be practised. Eventually, controlled grazing in paddocks laid down with sown grasses and forage plants may become practicable, a technique that will also be valuable in reducing the incidence of the many diseases endemic in South Africa. But such measures are costly and are being developed only on a small scale near the homesteads. Remedial measures include damming the *dongas* caused by erosion, in order to convert them into water reservoirs, from which the surplus water is led off to the grass land along contour ridges. On the arable land, contour ploughing is being adopted, with contour banks at intervals to break the run-off.

Though erosion through overstocking is now serious in the Union, the destruction of the land has proceeded much further in the Transkei and in Basutoland. The latter territory has of late years embarked upon systematic anti-erosion measures, aided by a grant of £160,000 from the Colonial Development Fund. Badly as the country had been wasted,* it now provides probably the best example within the Empire of a successful policy against erosion. Some 60,000 acres have been reclaimed within the last twelve years, and springs have renewed their flow after twenty years' disappearance. However small a proportion of the reserve this area may be, the work is accelerating as the natives themselves take it up. One of the most striking features of the work in Basutoland has been the co-operation initiated between the agricultural services, the administrative services, and the chiefs. Care was taken at the outset to secure the goodwill of the paramount chief, and each type of work was first started near his headquarters.

In East Africa generally, and particularly in Kenya, the erosion menace is threatening the existence of certain of the tribes. The damage has been brought about through the clearing of steep slopes in order to grow crops, especially since the introduction of crops for sale, and through

* *Financial and Economic Position of Basutoland*. Cmd. 4907 (1931).

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overstocking. The two often go together among the Bantu tribes, which keep livestock as insignia and for ceremonial purposes (*lobolo*), but make little economic use of them. The Kikuyu have in the past been great clearers of forest, and no longer have sufficient land to be able to give the abandoned and often weed-infested *shambas* an adequate rest before cultivation comes round again. Erosion is severe on the cultivated slopes. Contour ridging and cover crops are being introduced in order to prevent washing, and wattle is being planted on the higher ground in order to conserve rainfall and at the same time to provide both firewood and bark for sale. Overstocking prevails also in the Kikuyu reserve, and in the form of "squatter stock" extends into the white reserves, where indeed authorities have only recently begun to deal with the deterioration of the soil.

The most extensive damage in Kenya has been due to overstocking. Large areas that were formerly good grazing land in the Kamba and the Suk reserves have become deserts, perhaps beyond the possibility of economic regeneration, on account of the excessive numbers of cattle, and especially of goats, maintained by these tribes. So necessary is a reduction in the head of livestock that a factory has been opened by Messrs. Liebig on the Athi river to provide an outlet for the culled stock, which are generally in such miserable condition that they can only be converted into meat extract and manure. Nevertheless the reluctance of the African native to sell his livestock is so great that an ordinance enforcing culling has had to be passed, a measure that is meeting organised opposition from some sections of the Wakamba tribe.

Erosion takes various forms in the different African colonies, but it is to be noticed that much of the pressure upon the land has arisen through the introduction of crops for sale. In Uganda, for example, the area under cotton had increased to a million and a half acres in 1936, and there and elsewhere the increase of such money crops, even

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maize, is resulting in the neglect of the food crops for the family and in a deterioration in the native dietary.

It is evident from a recent conference of Directors of Agriculture at the Colonial Office that the various Governments are now well aware of the growing dangers of erosion, and are working out their own methods for dealing with it. Africa, however, presents certain special difficulties. Stress has been laid on the need for a general policy shared by the administrative, agricultural and veterinary departments, but nothing effective can be done without the co-operation of the native chiefs in the education of the tribes. Some measure of compulsion is inevitable, and, even when the responsibility for this is accepted by the chiefs or the native councils, grievances are created which may be, and indeed are being, exploited against the authority of the chiefs and of the central government. Cattle are so intimately linked with the customs, and even the religion, of the Bantu tribes that any interference with traditional practice cannot fail to be disturbing. Another complication is that many of the anti-erosion measures do not fit in with the system of communal or family land-owning prevalent in Africa. This form of tenure is already strained by the introduction of perennial crops for sale, such as coffee in the east and cocoa in the west: evidently a big problem of land settlement and the definition of ownership, several or collective, is imminent. Communal grazing appears to be an attractive proposition politically, one which fits in, too, with the customs of most African tribes. But in practice such areas are wastefully overstocked and become strongholds of disease; it is nobody's business to improve or even protect the soil.

IV. WIDER ISSUES

SOIL erosion thus enters into the zone of politics and may add to the tension between the white and the coloured populations. As the numbers of the latter

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grow, the demand for land increases, and, in so far as that demand is met without regulation and education in the methods of conservative farming, the destruction of the productive power of the land inevitably follows. The call for more land is intensified, and the lands in white occupation, on which the fertility has been preserved, are looked at with jealous eyes.

The soil-erosion problem cannot be met by administrative action and engineering alone; it calls for an intensive educational campaign among the people who use the land. They have to be taught forms of agriculture that will conserve fertility and the soil itself, that will preserve a due balance between crops for sale and crops for sustenance, and, among the latter, crops providing a duly balanced dietary. Before the coming of the white man, war, disease and famine stabilised the population in relation to the land; it was not a good relation, nor is it one that can be restored. By some means a new symbiotic relation has to be established that will set up the equivalent of the stable peasant populations of western Europe before the influx of industrialism. If this can be attained, it will possibly be accompanied by the same control of reproduction as the European peasant communities have always shown.*

These are the wider questions that soil erosion provokes; but we are now conscious of the danger and know how to meet it—"Keep the water in the land and you will keep the soil on the land".

* A further discussion of the social problems raised by soil erosion in Africa will be found in *The Improvement of Native Agriculture*, by Sir Daniel Hall. Heath Clark Lectures. (Oxford University Press, 1936.)

OBSTACLES TO INDIAN FEDERATION

I. THE CARAVAN MOVES ON

THE effort now being made to secure the inauguration of federation in India has revived political activity throughout the country, which has entered upon a fresh and difficult phase of its constitutional history. Factors entirely new to Indian political experience have been brought into prominence, and emerging political tendencies are being watched with unusual interest, not untinged with anxiety. The problem of the future relations between British India and the Indian states has come to the fore, and in both areas events are marching to a climax.

At no time since the first Round Table Conference has political India been in such a ferment. The establishment of provincial autonomy has placed the Congress Nationalist party in a strong position, not only in the provinces themselves, but also in relation to the states and to the existing and future central governments. Holding office in eight of the eleven provinces, the party is able constantly to extend its influence. While it faces criticism from many of its own more extreme followers, it still holds the confidence of the majority of Hindus. The party is now making strenuous efforts to bring about conditions favourable to itself in a possible federal legislature of the future. The Muslim League is engaged in consolidating the Muslims, chiefly in antagonism to the Hindus, and communalism is becoming more intense, thus adding fresh handicaps to nationalist ambitions. The peasantry and the workers are being exhorted by socialists and communists to follow Leftward paths, while Liberals are trying to exert a moderating

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influence. Caste is often at loggerheads with democracy. The totalitarian methods that characterise Congress policy in some of its aspects, and the Congress Working Committee's supervision of the activities of provincial Congress Ministries, are arousing opposition, even within the Congress ranks. Efforts by all the Ministries to expand their "nation-building" activities are restricted by lack of money, with the result that economic issues are assuming new importance in political thinking.

It is now generally assumed that the British authorities are proceeding with federation as embodied in the 1935 Act. While the politicians of British India reiterate their hostility to the scheme, the opinion is growing that its introduction is inevitable. But difficult processes have to be gone through before that can come about. The common opinion is that Lord Linlithgow, the Viceroy, hopes to launch the federation before he vacates office in 1941. The programme may be affected by conditions arising as the various intermediate stages are reached, but the authorities hope to convince the opponents of federation that it represents a big advance towards full self-government.

II. CONGRESS AND THE PRINCES

THE broad basis on which the Rulers of the states are invited to accede to federation has now been determined, and negotiations between the Crown and the Rulers have virtually ended, although minor readjustments in the terms of accession are still possible for some states, and the Princes are being given time to make up their minds. They are expected to indicate their attitude about the middle of the year, but complications that have arisen in many states may delay their decisions. In recent months the states have been the scene of intensive agitation in favour of "responsible government". Much of the agitation has arisen from the establishment of home rule in the provinces.

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Officially, the Congress party holds aloof, but several Congress leaders have taken a definite part. All the tactics employed by the party in British India in the past have been transferred to the states. Few of those inspiring the agitation have realised that the introduction of responsible government in the states requires, not merely the conversion of the Rulers, but also the education of the people.

The latter need was tragically emphasised at Ranpur on January 3, when Major R. L. Bazalgette, Political Officer of the Orissa states, was killed while trying to disperse a mob. The incident illustrated both the risks that attend political agitation among backward peoples, of the kind to be found in the Orissa states, and the narrow limits to the theory of non-violence in practice. In other states the agitation also took dangerous forms, particularly in Rajkot. Although a form of settlement was obtained there, it was one of doubtful value. Mr. Vallabhbhai Patel, a member of the Congress Working Committee, personally directed the campaign in the state, rendering futile the Congress claim that non-intervention was the party policy. Mr. Patel indicated that the measure of the success of the campaign in Rajkot would be the measure of its success in the country as a whole. Mr. Gandhi himself issued a statement implying that there was "no half-way house between total extinction of the states and the Princes making their people responsible for the administration of their states".

The agitation contributed to a general deterioration of political conditions in the country, and led some of the Princes to question the wisdom of federating with British India. It is clear, however, that if the Princes declined to enter the federation there would be no guarantee that they would be immune from the kind of agitation that has lately been rampant. Indeed, there is a strong opinion that the states will be safer within the federation than outside it; and the wiser Princes recognise this. Nevertheless, the agitation has aroused apprehensions, particularly among the Rulers of the smaller states, which are

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unable to afford or maintain the kind of responsible institutions demanded.

Several states have lately made efforts to modernise their administrations, chiefly by discarding ancient customs which have hitherto formed the basis for their finances; but such reforms touch only the fringes of the problem. It is fairly certain that the majority of the Princes, if left to themselves, are prepared to reconstruct their internal administrations, along lines that suit their individual needs and the traditions of their states. So far there has been no campaign against the Princes themselves; it is widely admitted that the system which they represent is peculiarly acceptable to the Indian mentality. The states' peoples would naturally like to have a greater say in the administration, but they do not necessarily insist on the same form of democratic institutions as now exists in British India. Something in keeping with the ancient systems that have survived for centuries may prove more useful, certainly until such time as the people themselves are sufficiently educated and politically minded to require something else.

In some quarters it is contended that the agitation in the states has been prompted by other reasons than a concern for the future of the states' peoples themselves. The claim is made that the agitation masks an attempt by the Congress party to secure a larger voice in the federal centre than would be possible under the federation envisaged by Parliament in 1935. The latter assumes that the Princes will be represented at the centre by nominated members; the demand in the states has been for elected members. In urging responsible government on the states, the agitators have paid little heed to the political and constitutional circumstances in these areas; nor has any distinction been drawn between states that are well governed and those that retain the characteristics of mediævalism. Hyderabad and Travancore have suffered along with Rajkot and Ranpur. But the emergence of undesirable by-products, such as an intensification of communal feeling, has made some

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Congress leaders pause. It had become clear even before the Ranpur incident that the policy in the states was leading to serious complications. Previously, the Congress Working Committee had adopted a fresh resolution to meet the new situation. This noted that some of the Rulers had recognised the demand for civil liberty and responsible government, but regretted that others had sought to suppress such movements. The resolution deplored the attempt of some Rulers to seek the aid of the British authorities, and asserted the right of the Congress party to protect states' peoples from the use of military police lent by the Paramount Power. Although recognising certain limits to Congress intervention in the states, the party reserved the right to guide the people of the states towards closer association with the administrations.

III. THE VICEROY ON NATIONAL UNITY

THE agitation in the states had been inspired partly by a belief that the British authorities had decided upon some new policy, which sought to uphold the states' administrations in their existing form. This view was scotched by the Viceroy himself when he spoke in Calcutta on December 19. As the first political pronouncement to be made by Lord Linlithgow since his return to India from England, the speech was awaited with great interest throughout the country, particularly in the Congress camp and by the Princes. There was general satisfaction among + the latter when he clearly indicated that the policy of the British Government towards constitutional reform in the states remained unchanged. The British authorities would not obstruct proposals for constitutional advance, but would assume no responsibility for initiating it; the Rulers themselves would remain responsible for the forms of government suitable to meet conditions in their domains. Nationalists, on the other hand, were dissatisfied. They claimed that the statement showed British sympathies to be

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with the Princes rather than their peoples, and maintained that official unwillingness to urge the Princes to liberalise their constitutions was likely to encourage them to resist such a process. Congress leaders believe that co-operation between autocratic states and democratic British India is not possible under federation, and continue to urge that the states' representatives in the federal parliament should be elected by the people and not nominated by the Rulers.

The main theme of the Viceroy's address, however, was an appeal for national unity. The framers of the federal scheme, said Lord Linlithgow, had given dominant weight to the question of Indian unity. This was particularly important to-day, in view of the altered European background and the new ideologies threatening the ideals that had been and remained the basis of British policy in India. He pointed out that the greater the success of provincial autonomy the more the provinces asserted themselves, and the greater, therefore, was the danger to all-India unity. He claimed that there was a growing comprehension of India's position in a world that had now entered upon one of those formative periods which would affect the shape of human affairs for some generations to come. That India was aware of these issues he did not doubt; her statesmen were constantly extending the range of their survey, and her public increasingly looked outward towards international affairs, not as mere spectators, but with an understanding of India's place in the modern world. Such stirrings of national consciousness were bound to seek their due expression, and he believed it would be found to rest upon the unity of all-India.

Lord Linlithgow also emphasised that provincial autonomy and federation were essentially parts one of the other. Together they represented a great decision, all the more significant when outlined against the background of world politics, a background more sombre now than it had been in 1935, when the reforms were introduced. But the darkening of the background and the rise of totalitarian

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thought in Europe had not altered the attitude of His Majesty's Government towards Indian constitutional advance. They believed that the ideal embodied in the Act of 1935 was the best for the future unity of India. On a broad view, provincial autonomy had proved a marked success. Given the continuance of good will and understanding, the future in India could be faced with confidence, and the project of federation would be successful.

Sections of the Congress press asserted that the Viceroy had left unanswered those main questions a settlement of which was demanded by Congress before federation should be inaugurated. The relations between the proposed federal Government and the British authorities would have to be on a wholly different footing from that contemplated in the Act; and it was implied that the inauguration of federation without such prior changes would arouse a hostility in India greater than anything previously experienced in the country's political history. The critics urged that the representatives of the states in the federal Houses should be elected and directly responsible to the people, and that Indians should have a greater say in the reserved subjects of defence and finance. The Viceroy's sympathetic approach to the whole constitutional question, and his own sincerity of purpose, were widely appreciated. But to proceed with federation as if Indian opposition did not exist was described as a mistaken policy. It became obvious that the Congress party still had no use for the "doctrine of gradualness", which the Simon Commission recommended, but sought to foreshorten normal processes by methods that have awakened much apprehension among other political groups in India.

IV. HINDU CLAIMS AND MUSLIM FEARS

MINORITY elements in the country have lately grown more restive and are developing a more aggressive attitude towards the growing power of the Congress party.

HINDU CLAIMS AND MUSLIM FEARS

Congress leaders tend to regard the party's programme as the only possible policy for the country, and to ignore the aims of other political bodies. The Muslim League and the Hindu Mahasabha have clearly indicated where they part company from the Congress. This dissent has greatly intensified communalism in the country, both in the Muslim and in the Hindu ranks. The All-India Liberal Federation also disagrees with the Congress party on important issues. The Liberals bring a balanced and objective outlook to their analysis of politics, but their organisation is loosely knit and commands no popular following. The opposition of these minority parties, however, emphasises the weakness of the Congress claim to represent all political elements in the country, and shows that important readjustments have still to be made by Indians before all-India unity can honestly be achieved.

Leaders of the Muslim League and the Hindu Mahasabha have lately hurled charges of fascism against the Congress, and even Congress men have objected to what are described as the "totalitarian methods" of the Congress Working Committee. This body keeps a watchful eye on the activities of the Congress Ministries and does not hesitate to offer them advice. Ministers, though responsible to their electors, are reported to turn constantly to the Working Committee for guidance, apparently fearful lest their policies might not find favour with the controlling Congress body. Liberal thinkers unhesitatingly denounce this procedure as the negation of democracy. The Muslims, always on the alert to defend the interests of their community, are particularly opposed to the methods of the Congress high command, and new shape has been given to the communalism that has greatly hindered Indian political advance in recent years.

Since the inauguration of provincial autonomy, emphasis has been given to Hindu-Muslim competition, and the ambition of the Hindus to have the main say in Indian affairs has greatly increased the anxieties of the Muslims.

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Although the religious basis of communalism persists, the real cause of inter-community rivalry to-day is the struggle for political supremacy in the provinces and for the opportunities of political power that federation will confer. Educationally and in other respects the Muslims as a group are more backward than the Hindus. The great political agitations of the past have been inspired by Hindus, and Muslims dislike the prominence that the community has attained in the nationalist struggle. Moreover, the nationalist press in India is largely in Hindu hands, and the broad national programme is largely a product of Hindu thinking. Muslims realise that in pressing their political claims they lag far behind the Hindus. This largely accounts for their insistence upon specific rights and for their refusal to concede anything to Indian nationalism that implies a surrender of Muslim privileges.

The more important leaders of the Congress party are not in themselves communally-minded, but, now that Congress governs in most of the provinces, patronage and preferment have largely fallen into Hindu hands. The party's new power has deepened the hostility of the Muslims, who find themselves being relegated to the political background as Indians assume the control of the country. The Muslims are threatening to resort to civil disobedience, the Congress weapon, in order to defend their status in those provinces where Congress Ministers are in office. This threat is wholly new, as the Muslims have never hitherto regarded civil disobedience as a legitimate constitutional weapon. It reflects the increasing Muslim recognition of the dangers inherent in the Congress view that single-party government is suitable for India at the present time. The Congress party still seeks to concentrate Indian opposition against the British authority in India, while the Muslims, realising that British control is being relaxed, are concerned in consolidating themselves against the Hindus. The policy of toleration, which the British aimed at establishing under bureaucratic rule, is being rapidly

HINDU CLAIMS AND MUSLIM FEARS

undermined, as the Muslims declare their resolve to secure the fullest protection for their race, culture, and religion under a constitution that is gradually strengthening Hindu supremacy.

On the Hindu side it is the Hindu Mahasabha rather than the Congress party that is giving a religious emphasis to political ambitions. The Mahasabha is not a political party in the ordinarily accepted sense; it is primarily a religious organisation designed to safeguard the tenets of Hinduism. The Mahasabha challenges the right of the Congress party to speak for Hinduism as a whole, and is aiming at creating a parliamentary board with a view to contesting future elections entirely in the interests of Hinduism. The Mahasabha has opposed the Congress party ever since the Communal Award was promulgated by the British Government, protesting that the award conceded to the Muslims too great a representation in the legislatures. While the Congress party sought to supersede the award by agreement between the Hindus and the Muslims, the Hindu Mahasabha demanded its immediate cancellation, on the ground that it handicapped Hinduism in the national struggle. This attitude has further incensed the Muslims, who allege that the policy of the Mahasabha reflects the outlook of Hindus generally, including the Congress party. The fact that Congress leaders repudiate the communalism of the Hindu Mahasabha does not appease the Muslims. Recognising the powerful influence of the Hindu caste system, which affects social and economic as well as religious life, the Muslims fear that they will be relegated into a subordinate political caste within the broad fold of Hinduism.

These developments are causing some concern among the British authorities. Communalism has been the bugbear of Indian political life for generations, and it is clear that the reforms are not likely to reduce communal dangers, but in some directions to increase them. Moreover, the Muslims are tending more and more to seek their spiritual

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and political associations in the Islamic countries beyond the borders of India. This outlook is being encouraged by the knowledge that the Hindus are gradually securing supremacy within India itself. Fresh impetus has been given to the movement for creating a so-called "Pakistan" of the Muslim provinces in the north; this movement aims at confederating the Muslim provinces into a unit which, while associated with the all-India federation, would nevertheless strengthen its affiliations with other countries within the great Islamic belt from Saharanpur to Istanbul.

V. DOMINION STATUS AHEAD

WHILE the Congress party aims at consolidating all elements in the country for a further struggle with the British to attain "complete independence", the Liberals seek to modify the Congress policy in the interests of Dominion status. Although disagreeing with certain aspects of the proposed federation, the Liberals do not hold, as a rule, that Indians should not co-operate in working it. They showed less than their usual courage and realism at the recent meeting of the All-India Liberal Federation in Bombay when they failed to recommend that the federation should be accepted for such value as it possessed. They contented themselves with pointing out that no one will be able to operate the constitution successfully unless some radical alterations are made in the scheme. The alterations that the Liberals think necessary are fourfold: (a) securing for states' subjects the right to elect the states' representatives to the federal parliament; (b) abandoning the safeguards relating to monetary policy and commercial discrimination; (c) introducing direct election for members of the federal legislature; and (d) making the constitution sufficiently elastic to enable India to attain Dominion status within a reasonable time.

Liberal policy has always been to secure constitutional

DOMINION STATUS AHEAD

advances by constitutional methods. This was once more reflected in the presidential address of Mr. P. N. Sengra, the son of Sir Tej Bahadur Sapru, who indicated that it was not by refusing to handle the machinery set up at the Centre but by utilising it to secure wider reforms that Liberal policy could best be interpreted. Broadly speaking this still remains the attitude of Indian Liberals. The fact that the Congress party has found opportunity to carry out its programme by accepting office in the provinces has encouraged the hope that moderately-minded Indians may still have an influence on policy towards federation. Threats of "direct action", which some extremist Congress leaders are urging, are deprecated in moderate circles as calculated to hinder rather than help constitutional advance.

Moderate opinion appears to accept the view that the new constitution must inevitably lead to Dominion status, and is frank in its assertions that the British connection should be maintained. Congress men continue to preach "complete independence", but it has never been made clear to the people exactly what is meant by the phrase. The new interpretation of Dominion status that has arisen since the Statute of Westminster suggests that there is little difference between Dominion status and independence. In India, however, there are complications that make Dominion status somewhat difficult to achieve. To begin with, there is the obvious communal disunity in the country, which has been made even more manifest by the reforms already conceded; there is the presence of British forces, which are necessary both for internal security and for external defence; there is also the problem of foreign policy, in which India has had no experience or training. Nationalists may regard these as minor points, but they remain fundamental objections to the early realisation of independence.

It is clear, however, that federation is a finger-post to a wider phase of responsibility. There are many in India who believe that a form of Dominion status is inherent in the

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proposed federation, and that its ultimate realisation depends only on the speed with which Indians adapt themselves to the new scheme and the problems of defence and foreign policy can be overcome. Historical precedents suggest that the British policy in India is following a path that leads to Dominion status; the impatience of nationalists with the pace of advance does not remove from the path those obstacles which have still to be circumvented. Experience of provincial autonomy indicates that the obstacles will be removed more quickly if the nationalists co-operate with the British than if they continue to maintain that no obstacles exist. The success of provincial autonomy has greatly surprised the Congress party, which assumed office in the erroneous belief that the British elements in the services would obstruct rather than help them in their constitutional activities.

As the *Indian Social Reformer*, a Bombay weekly, recently remarked of the Congress party, "though it still continues spasmodically to use the slogans of independence and non-co-operation, it treads the path of autonomy and co-operation as easily as did the Liberal Ministers under diarchy". The conclusion is drawn that Congress, for the time being, is practically indistinguishable from the Liberal Federation. Looking around the world to-day, and seeing the totalitarian States coercing weaker nations, even Congress men must perceive that affiliation with the British Commonwealth is a matter of self-interest. The nationalist press in India has been firmly hostile in its attitude towards the policies of the totalitarian States in Europe and the Far East, and in working for the greater freedom of India it is clear that nationalists do not picture themselves discarding British control only to fall under an influence far more sinister.

India,

January 1939.

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I. NORTH AND SOUTH

IT is unfortunate that the exigencies of politics predominate on both sides of the Northern border, and that, as a result, friction has recently increased between the two Irish Governments. Although the long-range propaganda bombardment of each other, in which Mr. De Valera and Lord Craigavon indulge at irregular intervals, increases ill-feeling between Belfast and Dublin, it is undoubtedly valuable for party purposes because it distracts popular opinion from more vital matters. No doubt in abstract justice Mr. De Valera's claim is very strong. The division of Ireland is absurd, as absurd as would be complete separation between Great Britain and Ireland. But at the present time there is little chance that British opinion would agree to force Northern Ireland, even on a federal basis, under the dominion of a Dublin parliament, and it is only mischievous to pretend otherwise. Lord Craigavon threatens to resist by force if such a step were attempted, and Mr. De Valera definitely excludes violence, so how the miracle is to be accomplished no one knows.

Speaking at the annual Ard Fheis, or convention, of the Fianna Fail party in Dublin on November 22, to a bombastic resolution which demanded the declaration of a republic and the ending of partition, Mr. De Valera said that there was no legal obstacle to their declaring a republic for the twenty-six counties now constituting Ireland. Their immediate aim, however, should be to get the constitution extended to the whole country; when that was done, those who wished could call the state a republic. His own view was that, until then, there was no use in

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rying to rush matters, and putting themselves in a position from which they would have to retreat again. As regards the ending of partition, he said that they did not contemplate the use of force. They wanted not only the territory but also the people of the North to form part of the Irish nation. Great Britain, he said, could not make it appear that the question was one only for the Irish people, North and South, because she had created partition and was maintaining it. The Irish people were determined that this crying evil should be made known to the world at large. Until it was removed, the relations that ought to exist between Ireland and Great Britain were impossible.

But sophistical talk of this kind merely ignores realities. Under present conditions it is quite true that Mr. Chamberlain and Mr. De Valera could, if they were agreed, ignore the objections of Northern Ireland and remove the political border, but no sane person believes that this could be done without violence. Nor would it do more than create a new Ulster problem; for the border is a spiritual as well as a physical reality. The real approach from Dublin to Belfast lies no doubt through London, but it must be made by improving our relations with Great Britain, and not by force. Mr. De Valera has really no intention of declaring a republic. If he would refrain from dangling the carrot of a mythical republic before his followers' noses, and accept the true implications of Commonwealth status, including acknowledgment of the Crown, a real step would have been taken towards Irish unity.

Strange as it may appear, the North is more sentimental than the South. Its hard-headed people are deeply attached to the Crown and the Union Jack. That attachment is as real as the attachment of their Southern fellow countrymen to the Soldiers' Song and the tricolour. It cannot be destroyed overnight by political legerdemain. Nevertheless, given an acceptance of the Crown as a common link between the two parts of Ireland, combined with a recognition of their separate economic and cultural interests, some

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form of juridical union would eventually become possible. Under existing conditions there is no other method of approach to a solution.

Senator Joseph Johnston, who is himself an Ulsterman and represents Trinity College in the Senate, put the matter very clearly when speaking at a meeting in Dublin on December 5. He pointed out that republicanism in Ireland was a foreign growth, which had ejected our more legitimate political ideas and ideals. That, he said, was part of our national tragedy to-day. The Crown was now not only the symbol of the unity of the Commonwealth, but also the only possible foundation for the national reunion of Ireland. It was in addition the only effective guarantee we could have for the equality of the Parliaments of the Commonwealth. The differences that separated Orangeman and Nationalist, Protestant and Roman Catholic, were as a feather in comparison with the gulf that divided both from the totalitarian ideology. North and South were agreed that there were certain ultimate sanctities, belonging to the individual personality, which were outside the province of the state. The problem of union should, he claimed, be approached with a full consciousness of the overwhelming importance of that kind of fundamental agreement. They in Ireland, in their own interests, should eliminate the foreign element of republicanism and moderate their extremes of economic and cultural nationalism. If, he concluded, they were prepared to make these concessions, and the North did not meet them half-way, they might feel certain that the North would rue it yet.

Unfortunately we have a long way to go before moderate and sensible counsel of this kind is likely to prevail. Encouraged, no doubt, by Mr. De Valera's statement that he did not contemplate the use of force, members of the I.R.A., on November 29, wrecked several customs huts on the Ulster border, by means of land mines concealed in parcels. By lucky chance no one was killed. On the same day, however, an explosion occurred at Castlefin, on the southern

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side of the border, in which two men, who had obviously been preparing high-explosive material, were killed. One of them was J. J. Reynolds, a member of the I.R.A., who was charged with the cowardly murder of Mr. More O'Ferral in 1935 but acquitted after two trials.* Another customs hut was blown up near Dundalk on January 1. It is noteworthy that these demonstrations of good will followed closely on an announcement that the I.R.A. had taken over the government of the Irish Republic from the relics of the shadow republican Dail.

At the end of December the Northern Ireland Government arrested and interned without trial thirty-four men whom they alleged to be engaged in subversive activities. This action appeared to be justified by subsequent events. On January 15 a proclamation was published by the I.R.A. in both parts of Ireland, in which, after demanding the withdrawal of English armed forces and officials from every part of Ireland, they called on the Irish people to assist them in the effort they were about to make to compel that evacuation and enthrone the Irish Republic. Immediately following the issue of this document, on January 16 and 17 a number of explosions, whose objective was apparently the destruction of the electricity supply system, took place in various parts of England. Several young Irishmen were subsequently charged with being unlawfully in possession of arms and explosives. Explosions in left-luggage offices in London Underground stations, and other terroristic acts, occurred a few days later, and were followed by more arrests and a sensational conspiracy trial. Criminal action of this kind only serves to perpetuate the very conditions which its authors claim to be seeking to destroy.

Activity of a different kind has been displayed by Nationalist organisations in Northern Ireland, which have recently endeavoured to hold meetings protesting against partition. Their Unionist rivals having obligingly arranged to hold counter-demonstrations, the Northern

* See THE ROUND TABLE, No. 99, June 1935, p. 552.

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Government proceeded to proclaim both. To those acquainted with the technique of Irish agitation these rather stale methods of propaganda are not convincing.

In fact, a great deal of nonsense has been written and spoken about the wrongs of the Nationalist minority in Northern Ireland. Persecution, and violent persecution, there has been in the past, religious discrimination and curtailment of political liberty there are in many ways at present, but in fact most of the rights which Catholics are denied are denied also to their Protestant fellow-citizens. In education, for instance, hundreds of Protestant as well as hundreds of Catholic schools pay half their heating and cleaning costs in order to preserve their independence from official control. The political weakness of the Catholics and Nationalists of Northern Ireland—and the two terms are nearly identical—is to some extent due to their own dissensions and jealousies, and not entirely to gerrymandering. The fact that some of them suffer preventive arrest without trial is excused by the existence of an organisation whose object is the overthrow of the Government by force. More than half the people of Northern Ireland would be glad to support a coherent Opposition with a constructive Ulster policy, but there is no such Opposition in existence. The party in power, on the contrary, knows what it wants, and, as Mr. De Valera is their best organiser when he beats the republican drum, they provoke him to beat it as often as possible.

It is of course equally ridiculous to complain, as Mr. Andrews, the Northern Minister of Finance, did lately, that the recent Anglo-Irish agreement was a one-sided, unjust and improper arrangement, detrimental to Ulster in particular, and that they should not rest until it was altered. You cannot eat your cake and have it too. If Northern Ireland desires to retain complete fiscal union with Great Britain, it should not complain if it suffers the inevitable consequences. There is a logical case for granting Northern Ireland Dominion status, but that is not appreciated in

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Belfast. The economic policy of Northern Ireland, as Lord Craigavon recently proclaimed, is exemplified by the fact that it is one of Great Britain's best customers, its imports from Great Britain being equivalent to £31 per head of its population, compared with the rest of Ireland's £7.

The education of public opinion on either side of the border concerning the feelings and ideals of the people on the other is the first step to be taken towards better relations. It may reveal that the differences are at present irreconcilable or, more likely, trivial and ephemeral compared with the issues now confronting us abroad. In any event it will teach us to bear with each other and as far as possible to work together for the good of our common country.

For these reasons the new movement, launched happily enough on Christmas Eve, for the promotion of a better understanding between North and South is highly to be commended. It is not concerned with political or constitutional problems, believing that constitutional forms are of less importance than a spirit of co-operation and friendship, and that differences of opinion about the former need not prevent the growth of the latter. Its principal aims are to foster good relations between all Irishmen, to expose and discountenance misrepresentation, intolerance and intimidation, to reconcile the economic interests of North and South, to arrange for more social intercourse between the people living in different parts of Ireland, and to bring home the fact that every effort to eradicate misunderstanding and create good feeling in Ireland is a definite contribution to international peace and security. That such a scheme should be sponsored by men like Lord Charlemont, who up to a year ago was Minister for Education in the Northern Government, and General Sir Hubert Gough of Curragh Mutiny fame, and by independent Nationalists like Senator Frank MacDermot and Mr. John J. Horgan of Cork, is a good augury for its success. It has also received a qualified welcome, be it said to his

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credit, from Mr. De Valera, who, whatever may be his concessions to party tactics, sincerely desires to promote a better understanding between Irishmen. Many professional politicians in both parts of Ireland, however, may be expected to view with suspicion any attempt to deprive them of a valuable catch-cry. The new movement will require much patience, charity and courage, if it is to succeed; but, however it may fare in the immediate future, there are increasing signs that time is on the side of these successors of the United Irishmen.

II. PARLIAMENTARY EMOLUMENTS

IRISH democracy in the raw can be best studied at the annual conventions of the various parties, when representatives of the country branches attend in Dublin to confer with the political leaders on past and future policy. On these occasions the real Ireland, the Ireland of the farms and small country towns, makes itself heard and renews its illusion that it is an important factor in the political life of the country.

The recent Ard Fheis of the Fianna Fail party was an interesting example of this kind of gathering. Resolutions dealing with every possible and impossible aspect of our national life, and demanding benefits for all and sundry, were solemnly proposed and as solemnly talked out or side-tracked. Among many other proposals divorced from reality were demands for large-scale afforestation, accelerated division of land among small-holders, extended insurance benefits, and more and larger pensions. The Minister for Defence, Mr. Aiken, who is certainly not lacking in political generosity, had to resist a demand that pensions should be given to those who would have fought in our recent wars had equipment been available. He pointed out that to meet all the demands put forward would mean pensions for everyone, a proposal that would at least have the merit of simplicity. Mr. Sean MacEntee,

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the Minister for Finance, also firmly refused to accept a resolution condemning the valuable majority report of the Banking Commission.* He pointed out that they were being asked after half-an-hour's discussion to pass judgment on the result of three years' investigation by honest and conscientious experts.

But the real mind of the agricultural community was best shown in the vehement opposition displayed by the delegates to the legislative proposals for an increase in the salaries for Dail deputies, pensions for ex-Ministers and allowances for Opposition leaders. It required all Mr. De Valera's personal influence to calm the storm and avoid direct condemnation of these measures. The exact proposals, which have since been carried into law, were to increase deputies' salaries from £360 to £480, to pay the leaders of the two Opposition parties, Fine Gael and Labour, £800 and £500 respectively, and to pay ex-Ministers who have held office for more than three years pensions varying from £300 to £500 according to length of service. No alteration has been made in the salaries of Cabinet Ministers or Senators. The Taoiseach or Prime Minister receives £2,500 and the other Ministers £1,700 a year. These are the salaries received by the Cosgrave Government—salaries which Mr. De Valera and his friends strongly criticised and which they refused to accept for their first period in office. Senators receive £360. All these salaries are free of income tax and are supplemented by travelling expenses when on official business.

The alterations are contrary to the recommendations of the committee set up specially by the Government to enquire into the matter.† These were that, while there should be no change in deputies' salaries, Cabinet Ministers should receive an increase. Mr. MacEntee, the Minister for Finance, when introducing the Bill to raise deputies' salaries on November 24, said that the increase was granted

* See THE ROUND TABLE, No. 113, December 1938, pp. 120 *et seq.*

† See THE ROUND TABLE, No. 110, March 1938, p. 319.

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in order to meet the heavy consequential loss that fell on deputies through their neglect of their own private interests. The proposals were finally carried into law after a good deal of acrimonious discussion, which did not at all follow orthodox party lines. Although the leaders of the Fine Gael party were apparently in favour of the changes, it is an open secret that a party split nearly took place owing to the strong feeling among many members that deputies ought not to increase their own salaries under existing economic conditions. There was also opposition to the proposals among Government and Labour members. Mr. Norton, the leader of the Labour party, announced that he would not accept the allowance made to him as one of the Opposition leaders. There can be little doubt that, with the exception of the grant of pensions to ex-Ministers, the proposals did not meet with public approval.

The objection to the increase in deputies' salaries was best stated by Senator MacDermot in the Senate on December 13. He opposed the Bill, he said, on the grounds that it had not received the approval of the people, that the present allowance was sufficient, and that the effect of increasing it would not be to improve parliamentary institutions, but more probably to do them injury. He contended that, after allowing for normal expenses, on the basis of one hundred days' attendance in Dublin during the year, the average deputy would make a clear profit of about £156 a year out of the increased salary. To increase salaries was to make politics a profession. He also claimed that in many cases the proposed pensions to ex-Ministers and salaries to leaders of the Opposition would be excessive. He pointed out that Mr. Cosgrave, as an ex-Minister, leader of the Opposition and a deputy, would be entitled, if he so desired, to a salary of £1,780 a year, of which £1,280 would be free of income tax. This was more than the salary of a Minister. The day might come, he said, when in connection with partition or some other important and critical issue we might need to form a national

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Government drawn from all parties, or we might even decide, as the Swiss had done, that this was the best permanent form of government. In either case these irrational salaries to Opposition leaders would create difficulties; for it was almost too much to hope of human nature that Opposition groups would not be formed to take advantage of them.

There is some substance in Senator MacDermot's criticisms, and it is a pity that these measures, which would have been improved by amendment, were rushed through the Dail and Senate with a haste that suggests political expediency rather than a concern for public interest. The procedure employed suggested that the Senate has now become an entirely subservient and impotent body. It has recently improved its repute, however, by the election, after several abortive contests, of Senator Michael Tierney to the office of Vice-Chairman. He is Professor of Greek at University College, Dublin, one of our few independent political thinkers, and a man of broad and cultured mind.

An interesting, if somewhat nauseating, example of our lack of culture and tolerance is afforded by the action of the Central Council of the Gaelic Athletic Association, which controls the national games of hurling and Gaelic football, in removing Dr. Douglas Hyde, the President of Ireland, from the position of patron of the Association, which he had held for thirty years. His offence was that as head of the State he had acted in accordance with normal international courtesy in attending an Association football match between teams representing Ireland and Poland, thereby breaking the bye-law of the Association which precludes its members from patronising foreign games. But it may be suspected that the extremist element, who control the Association, were merely looking for an excuse to insult Dr. Hyde, whose moderate views are not to their liking. What sentence, if any, they passed on Mr. De Valera, who was also present at the match, has not transpired. It may be confidently asserted, however, that both

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he and Dr. Hyde have risen in popular esteem through their courage in defying an outworn code based on an inferiority complex.

The death of Mr. James McNeill on December 12 has deprived Ireland of a distinguished citizen. A native of the Glens of Antrim, he became an Indian civil servant and afterwards on his return to Ireland after the war successively Chairman of the Dublin County Council, High Commissioner for the Irish Free State in London, and finally Governor-General on the retirement of Mr. Healy. The studied insults of Mr. De Valera's Government led to his retirement in 1932, but he successfully vindicated his attitude, and it is proof of a better atmosphere in the new Ireland which he helped to create that all parties were represented at his funeral.

III. INDUSTRY, AGRICULTURE, AND TRANSPORT

THE trade returns show that the visible adverse balance fell during 1938 by £4,088,905. This result would be more satisfactory if the reduction of the import surplus had been due to an increase of exports rather than to diminished imports. All the concentration on developing industries that can only hope to cater for the home consumer has indirectly injured more important industries that cater for both home and export markets. The Irish bank returns for September show that in the previous year our net external assets had been reduced by a sum of £6,600,000 to the lowest level they have yet reached. This is a striking confirmation of the opinion expressed by the majority of the Banking Commission that in recent years there has been an adverse balance of payments on current account, which has had to be covered either by encroachment on external capital assets or by an increase of external liabilities.

The Government, apparently perforce, has renewed its trade agreement with Germany, now of course including

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Austria and the Sudetenland, on the former basis, namely, that for every £3 worth of goods that we buy from Germany she must buy £2 worth from us. In future, Germany must buy Irish produce in the open market, and not through the Ministry of Agriculture as heretofore.

The census of industrial production for the year 1936, recently published, shows that the value of the net output from large-scale industry increased during the ten years ending 1936 by over ten million pounds. During the same period the number of persons employed increased by 51,373 and the amount paid in salaries and wages by five million pounds. But, while the output from the factories has been steadily mounting, the output from the farms, which are our biggest and basic industry, has been steadily falling. During the same period the output of agriculture declined in value by fifteen million pounds. Even allowing for the fact that the industrial census does not include smaller concerns, it would appear that the total national output has fallen off. That, in brief, is the net result of Mr. De Valera's economic policy. Moreover during the ten years ending 1936 the average wages paid to industrial workers fell by £12 and their output by a like amount.

Nevertheless, the manufacturers are still clamouring for more protection and further concessions. Certain industrial interests believe, or affect to believe, that the operations of the Prices Commission set up under the London agreement of last April will seriously limit, if not prevent, future industrial development and go far to nullify the existing tariffs. But the proviso in the agreement that the Prices Commission must afford to Irish industries adequate protection, having regard to the relative costs of economical and efficient production and the needs of newly established industries, cannot fail to protect all but the most inefficient concerns. On the other hand, it will prevent any manufacturers who may be concerned more with profits than with principles from unduly exploiting their privileged position. The Prices Commission is necessary, in fact,

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not only to protect the consumer from the manufacturer, but also to protect the manufacturer from himself. In any event, the Irish Government would have been forced to entrust the Commission with the functions that it now exercises under the agreement. As the majority report of the Banking Commission points out, the crucial question for Irish industry is whether there will or will not be an improvement in the efficiency of production, on which depends all improvement of the real social income, and thus of the standard of living. Technical efficiency, which is particularly important in small factories such as exist here, can only be secured by constant vigilance, which the Prices Commission will certainly help to supply.

Mr. Lemass, the Minister for Industry and Commerce, whose speeches are an interesting study in gradual economic education, is apparently alive to these facts; for he recently stated that the next year or two would be the critical period for most of our newer industries, and that the question whether they were to survive would depend on the quality of their work and the quantity of their output. His former unqualified optimism has recently been considerably modified, and he shows a growing disposition to blame employers, workers and the public for the difficulties that have arisen in the development of his industrial policy. He now claims that if it does not succeed the Irish people will have been proved unfit for nationhood. It is possible, of course, that it is the policy that is to blame, and not the people.

Mr. MacEntee, the Minister of Finance, went to the heart of the matter in a remarkable speech on January 21, in which he acknowledged that if Ireland's national income and purchasing power were to be maintained there was no alternative to an increase of the return from the export of our agricultural surplus. Broadly speaking, he continued, no market offered an opportunity for that increase upon a scale commensurate with our requirements except the British market. Anything, therefore,

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that would tend to impede the fair course of trade between the two countries, anything that would create enmity between the two peoples, or arouse prejudice against this country, her people or her products, was a matter of the gravest concern, most of all to the farmers and tillers of the soil, upon whose well-being we all depended.

The real root of our economic difficulties is indeed the condition of agriculture. Farmers' costs have kept pace with the increase of agricultural prices, with the result that production is often barely profitable. The last return of the Registrar General estimates that our population has fallen by 31,000 in the last two years, which is ten times the fall that took place in the previous ten years. Moreover, the report of the Greater Dublin Tribunal, published on December 19, recommends that owing to the rapid increase of Dublin's population the whole County of Dublin should become a unified metropolitan borough, under one administration. It is not surprising, therefore, that the Government have at last agreed to the oft-repeated request of the Opposition for the appointment of an expert commission to investigate the condition of agriculture. *Dublin Opinion* neatly comments that "the situation has the Government well in hand". The main purpose of this commission will be to consider and advise on ways and means of increasing production.

The notion that our agricultural exports are incapable of further development is not accepted by competent critics. Dr. Henry Kennedy, the Secretary of the Irish Agricultural Organisation Society, in a remarkable article recently published,* points out that the only way of safeguarding our monetary position, as well as making funds available for national and social development, is to develop fully our agricultural industry through improved technique designed to meet the special problem of our climatic conditions. He claims with justice that the economic position of the farmer has seriously deteriorated as the result of

* *Studies*, December 1938.

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national policy, and that in consequence our population, particularly in the rural areas, is rapidly declining. He gives figures to prove that, while we have been bathing in a sea of political emotion, our economic rivals in the British market, New Zealand and Denmark, have stolen our clothes. He maintains that the first essential is to make our farming pay, as other countries have done. By means of statistics of the average output of milk per cow and the use of artificial fertilisers he shows that our agricultural methods have lagged behind those of other countries, until we are not far from a condition of primitive agriculture. The remedy, as he sees it, is to exploit our natural advantage—an abundant rainfall—by improving our yield of grass and conserving it by modern scientific methods for winter use. There can be no doubt of the accuracy of his conclusion that increased production per labour unit and per acre is the only means of making Irish farming pay, and it is all to the good that the Government, after six years, have at last apparently realised this pregnant fact.

Another problem that is clamouring for solution is the future of our transport system.* The special legislation enacted in 1933 gave the Great Southern Railways Company power to buy up the numerous private road transport concerns which at that time were challenging its very existence. The scheme, like most of its kind, was excellent on paper, but, partly through evasion and partly through mismanagement, the plan failed to rehabilitate the railways, which are now reduced to a condition of virtual insolvency. The Government have now appointed a special tribunal to enquire into the causes of this breakdown and the measures necessary to secure efficient public transport. It is presided over by Mr. Joseph Ingram, who was formerly Secretary of the Transport and Marine branch of the Department of Industry and Commerce, and the other members, although not transport experts, have a wide knowledge of Irish agricultural and commercial conditions. They include Dr.

* See THE ROUND TABLE, No. 113, December 1938, p. 125.

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Henry Kennedy and Mr. D. O'Hegarty, who was Secretary of the Executive Council under the Cosgrave Administration.

The main railways are obviously the proper vehicle for long-distance goods and passenger traffic, but beyond their radius lies a large area where the bus and lorry can be more suitably employed. At present, in many places there is indiscriminate competition between the two forms of transport, and complete lack of co-ordination. Many of the bus services, though operated by the railway company, compete directly with the railway itself. Some branch railway lines have been already closed, but many more will have to be sacrificed. In the end, nationalisation in some form, both of road and of rail services, may prove the only solution. One serious difficulty in the way of such a general scheme is presented by the fact that the Great Northern Railway Company operates in both parts of the country and cannot therefore be included in a comprehensive plan by either Government. As transport conditions are identical in the North and the South, the only obstacle that prevents the question from being tackled on a national basis is lack of good will and common sense. Facing all these problems, Ireland, both North and South, has much food for thought and need for action in 1939. We can certainly blame no one but ourselves if the results are not to our liking.

Ireland,

February 1939.



GREAT BRITAIN

I. CIVIL DEFENCE AND FOREIGN POLICY

AN account of all the recent developments in the field of air-raid precautions and the enrolment of the civil population in defence would fill a whole article; for since September public and governmental attention has been focused on these matters as never before. All that can be done here is to list some of the more important events and pronouncements. The appointment of Sir John Anderson, formerly Governor of Bengal, as Lord Privy Seal and "Minister for Civilian Defence" followed soon after the Czechoslovakian crisis. On December 1 he announced plans for a national voluntary register. The Government, he said, had come to the conclusion that a compulsory register was not at present necessary or desirable, though preparations were being made for a complete and compulsory register, to be taken by means of the census machinery, immediately upon the outbreak of war. In an interview on January 9, Sir John Anderson described a compulsory register in peacetime as "an absolutely useless instrument", but he made it clear that in saying this he had in mind a register without compulsory training. The Government, forestalling criticism from advocates of a compulsory register, undertook to submit their whole scheme for national service for review by the House of Commons at the end of March. No doubt compulsion has so far been avoided in order to placate organised Labour, which has been giving full assistance to the official plans. After a trade-union delegation had interviewed the Lord Privy Seal and the Minister of Labour,

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the National Council of Labour issued on December 12 the following statement :

It was unanimously agreed that no approval could be given to a compulsory scheme, but that if the Government scheme is to be a genuinely democratic and voluntary one, providing for adequate representation of organised workers on the bodies concerned with the administration of the scheme, the Labour movement would be willing to co-operate in such a scheme for civilian defence.

On January 25 some twenty million copies of a handbook on national service were delivered to householders throughout the country. The handbook contained full particulars of all the services, from the regular forces to women's first-aid organisations, in which citizens might enrol for the defence of their country. According to the Minister for Civilian Defence, approximately 1,200,000 men and women are wanted for civilian defence or A.R.P. services, to which must be added a margin of 50 per cent. for "second-line reserves". Volunteers for national service, outside the armed forces, are required to sign an honourable but not a legally binding undertaking to serve in war-time.

The distribution of the handbook was preceded by the issue of a list of "reserved" occupations, workers in which, if over a specified age ranging from 21 to 35 years (in some cases there was no restriction of age), would not be allowed to join part-time defence services that would become whole-time in war. The restrictions do not apply to whole-time employment in peace, like the regular army, nor to factory schemes of A.R.P., nor to service that would be part-time in war (subject to an over-riding claim of the worker's ordinary job), nor to women's nursing and first-aid services. The list of reserved trades—which of course includes most heavy industries, skilled and semi-skilled jobs in the engineering trades and the manufacture and distribution of food, and many others—covers between six and seven million work-people, that is to say, roughly half the national man-power. More than three millions;

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however, of those affected are over the age of 45, whereas only about one in five of men aged 18 to 25 are on the "reserved" list. As for professional workers, the Government has set up an advisory council, under the chairmanship of Sir Walter Moberly, to advise the Minister of Labour on the use in war-time in government departments and elsewhere of persons with scientific, technical, professional, and higher administrative qualifications.

Meanwhile the local authorities have been pushing forward their A.R.P. plans with varying speed and thoroughness. Few of them have made plans for deep shelters, proof against direct hits by heavy bombs. Just before Christmas the Government announced that instead of bomb-proof shelters they aimed at providing "adequate protection against splinters and blast and against the fall of débris". A standardised steel fitting would be produced for the support of basements, while for non-basement buildings steel shelters easily constructible in the open had been designed. The cost of these precautions would fall on the Government wherever the householder could not afford to meet it himself, the total burden on the Treasury being estimated at £20 million. A first order for 120,000 tons of steel for these "unit" shelters was placed in January. Whether they or the strengthened basements would be of much value in practice is unfortunately a matter of technical controversy. An expert committee has recommended to the Minister for Civilian Defence that immediate legislation be undertaken to ensure that no residential building be erected in future without the inclusion of an air-raid shelter of sufficient size to accommodate all the inhabitants in reasonable safety. Evacuation as well as shelter forms an essential part of the Government's civil defence programme. In January a number of local authorities were asked to survey the accommodation available in their areas for billeting, and this was followed by the publication of a full list of areas from which evacuation would be organised, including all the big cities from

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London to Liverpool, and of areas that would neither be evacuated nor used to receive the citizens transferred. On February 13, the Government announced that 50 holiday camps, each accommodating 350 children, and designed for evacuation purposes in time of war, would be built at a cost of £1,000,000.

In a statement on the progress of A.R.P. plans, on January 9, Sir John Anderson said :

People write as if we ought to aim at making war safe for civilians. My opinion is you cannot make war safe for the civilian. There is only one way of making the civilian safe and that is the avoidance of war. Our aim should be if there is war to emerge from it with the least possible hurt to the nation, but to emerge victorious.

Air-raid precautions will not by themselves win a war, and it is perhaps unfortunate that public opinion has concentrated so much on this aspect of our defences. Steady progress has undoubtedly been made in strengthening the active arms of defence, though Great Britain is still without any effective striking force by land for use in a European war. The most encouraging news has been the report, on good authority, that aircraft production is now running at a rate of 400 to 500 aircraft a week and is capable of rapid expansion. In November the Secretary of State for Air announced that between 5,000 and 6,000 fighter machines were on order; and that, while priority was being given to these defensive craft, the reserve of bombing aeroplanes was being simultaneously increased.

Progress in rearmament is plainly of no avail unless it enables the nation to pursue a foreign policy that will prevent war by rejecting threats of force before they have developed into urgent military pressure. There have been some signs that the Government regard their hands as growingly strong in international affairs. In a New Year message to his party, the Prime Minister wrote :

We have already made such progress with our rearmament plans that we are to-day in a position, should the need arise, to

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discharge our obligations to our allies, the Empire and ourselves. Our armed strength enables us to say in the councils of the nations that, seeking friendship with all peoples, we shall meet them in a spirit of reasonableness and fair dealing, but will not make concessions to force.

The Home Secretary, speaking on January 26, was optimistic almost to the point of complacency when he declared that two incontrovertible facts stood out from an obscure background of fears and guesses—the passionate desire of the peoples of Europe for peace, and the invincibility of Great Britain and the British Empire. Those who fear that the latter assertion may be an over-statement, in view of the vulnerability of the Empire and its backwardness in rearmament, will at least give due weight to Sir Samuel Hoare's insistence on the value of economic strength in defence and his remark that "the proper use of air force by the navy itself will extend rather than diminish British sea power". A few days later, on January 28, the Prime Minister declared in a speech at Birmingham :

Peace could only be endangered by such a challenge as was envisaged by the President of the United States in his New Year message—namely, a demand to dominate the world by force. That would be a demand which, as the President indicated and I myself have already declared, the democracies must inevitably resist.

Critics who suspect the Government's will to resist international blackmail, in the name of the British people, would doubtless charge Mr. Chamberlain with inability to recognise such an aggressive challenge when it comes. For there are few who believe that it will take the form of a deliberate head-on collision with the British Empire. More likely, so the majority of British people believe, there will come a sidelong attack through forcible pressure on France.

It is this consideration that stirs the Englishman's anxiety most when he looks upon the scene in Spain, not with the eye of humanitarianism or of ideological or class interest, but with that of high politics and strategy. On

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January 18, before the fall of Barcelona, the Leader of the Opposition addressed a letter to the Prime Minister requesting the immediate summoning of Parliament to consider the situation in Spain. "It is inimical to the honour and interests of this country", wrote Mr. Attlee, "that it should continue to deny to the Spanish Government the right freely to purchase arms and supplies necessary for its defence". Mr. Chamberlain replied that in the view of the Government a reversal of the policy of non-intervention would inevitably lead to an extension of the conflict. In a second letter, Mr. Attlee retorted by quoting the Prime Minister's own statement of November 2 that the Spanish question was no longer a menace to the peace of Europe. Mr. Chamberlain, however, continued to refuse an early meeting of Parliament, and when the House of Commons eventually assembled, on January 31, it voted once more in favour of the non-intervention policy.

II. MINISTERIAL AND ELECTORAL PORTENTS

THERE have been several secondary reconstructions of the Cabinet, the first being occasioned by the resignation of Mr. Duff Cooper. He was succeeded as First Lord of the Admiralty by Lord Stanhope, the latter's place at the Ministry of Education being taken by Lord De La Warr. A few days later, Sir John Anderson became Lord Privy Seal, in Lord De La Warr's place; and Lord Runciman was brought back into the Cabinet as Lord President of the Council, in the room of Lord Hailsham, who resigned. Mr. Malcolm MacDonald temporarily took charge of the Secretaryship of State for the Colonies, as well as that for the Dominions, after the death of Lord Stanley. A more important reconstruction took place at the end of January, when Sir Thomas Inskip became Secretary for the Dominions, and Admiral of the Fleet Lord Chatfield succeeded him as Minister for the Co-ordination of Defence. At the same time, Sir Reginald

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Hugh Donnan-Smith, a back-bencher who had never previously held office, became Minister of Agriculture, replacing Mr. W. S. Morrison, who in turn was substituted for Lord Winterton as Chancellor of the Duchy of Lancaster. Mr. Morrison will speak for the Minister for the Co-ordination of Defence in the House of Commons.

The departure of Lord Winterton, and still more of Sir Thomas Inskip, was regarded as a success for critics of the Government's personnel. Before Christmas, a group of junior Ministers, led by Mr. R. S. Hudson, the Secretary for the Department of Overseas Trade, expressed to the Prime Minister their dissatisfaction with the conduct of rearmament, and it was understood that their criticisms had been directed particularly against Sir Thomas Inskip and Mr. Hore-Belisha. One of the critics was Mr. Hore-Belisha's own Under-Secretary, Lord Strathcona. In the January reconstruction, Lord Strathcona resigned and was succeeded by Lord Munster, but Mr. Hudson was invited to remain in the Government after he had formally tendered his resignation to the Prime Minister. The result, therefore, seems to represent a compromise between criticism and defence of the individuals in the Government, and of the way in which they have been conducting the expansion of the nation's defences.

By-elections, while not encouraging the Government to believe that it has an enthusiastic country behind it, give no evidence of such a swing against Mr. Chamberlain's Administration as would bring about a victory for Labour if a general election were held now. The Oxford city by-election,* in which the Government held the seat with a reduced majority against a strong Independent Progressive candidate, was followed by a series of by-elections that were rather more discomfiting to the National Government. Labour gained a victory in Dartford, turning a Conservative majority of 2,646 into a Labour majority of 4,238, on a much larger poll than in 1935; this reversal

* *See THE ROUND TABLE*, No. 113, December 1938, p. 145.

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was attributed in part to the fact that, while the Conservative candidate was a new-comer, his opponent had fought at the general election and had carefully nursed the constituency since. At Doncaster, the Labour majority increased from 7,952 to 11,708. The most serious shock to the Government's electoral prestige, however, was delivered at Bridgwater, where Mr. Vernon Bartlett, the well-known journalist and broadcaster, standing as an Independent Progressive in a straight fight with a supporter of Mr. Chamberlain, secured a majority of 2,332, whereas the last general election had given the Conservative candidate a majority of 10,569 over his nearest opponent, and of 4,329 over the Liberal and Labour candidates combined. On this occasion no less than 84 per cent. of the electors went to the polls, an extremely high figure for a by-election.

Meanwhile, however, the Government had been encouraged by the victory of Sir George Schuster, standing as a Liberal-National candidate at Walsall, although his majority of 7,158 was 1,811 less than the Government majority in 1935. The Bridgwater by-election was followed by a series of Government victories, first at West Lewisham, where the Conservative majority was reduced from 12,370 to 5,648, then in the Fylde division of Lancashire, where the majority fell from 23,352 to 20,615, and then in a remarkable by-election in Kinross and West Perthshire. This seat had been held for the Conservatives since 1923 by the Duchess of Atholl, who had resigned her seat as a protest against Mr. Chamberlain's foreign policy. She stood at the by-election as an Independent. Her opponents originally included, not only an official Conservative, but also a Labour candidate and the same Liberal candidate who had polled 10,069 votes against the Duchess's 15,238 in a straight fight at the general election. Both the Liberal and Labour candidates, however, were induced to stand down, and in these circumstances it was generally expected that the Duchess would win. In the result, she lost the

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seat by 1,313 votes, and although there were special local factors at work this was taken as a substantial encouragement to the Government.

The next by-election was also a complicated one. The succession of Viscount Elmley to his father's earldom left the East Norfolk seat vacant. A joint meeting of the Liberal and Conservative associations in the constituency adopted a candidate of the Liberal-National wing, to which the former member had belonged. Some resentment was expressed in Conservative circles at this action, and an Independent Conservative and Farmers' candidate presented himself, as well as a representative of the Labour party. He obtained the support of a large number of Conservatives in the division, but at the last moment withdrew his candidature as the result of an interview with the Prime Minister, who wrote to him declaring that the National Government was firmly resolved to pursue its efforts to put the agricultural industry on a sound basis, and appealing for party unity in face of grave international problems. In the result, the Liberal-National was returned with a majority of 7,472, a figure 5,175 less than the Government majority in 1935.

At Holderness, in Yorkshire, the Conservative majority over the Liberal was 6,152, against 11,901 in 1935. The combined Liberal and Labour vote actually exceeded the victor's by 3,477, but he had also an independent Conservative rival, who polled 6,103 votes.

The position of the Labour party in the eyes of the electorate has been weakened once more by its own internal dissensions. Once more it is the demand for "unity of the progressive parties" that has occasioned the disunity of the largest of them, and once more the villain of the piece, from the orthodox Labour point of view, is Sir Stafford Cripps. In November the national executive of the Labour party, "after a survey of the political situation arising from recent developments at Munich and elsewhere," reaffirmed the standing official policy of refusing

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an approach to other political parties, because "the road to peace lies through socialism". Shortly afterwards Mr. Ernest Bevin, the powerful secretary of the Transport and General Workers Union, wrote that "the trade unions have confidence in their own political party, but not in other parties". He alleged that the main object of "Popular Front" movements had always been to undermine the trade unions and the Labour party.

In January, however, Sir Stafford Cripps addressed a memorandum to the national executive of the party, advocating a compact or series of compacts with other Opposition parties, designed to avoid splitting the anti-Government vote at a general election. The question how best to defeat the National Government was to him identical with the question how best to help protect the British people from the dangers of fascism and war. Sir Stafford analysed the 615 seats in the House of Commons and concluded that, whereas the Opposition parties, fighting independently, could not hope to win more than 266 seats under any circumstances likely to exist within the next 18 months, in combination they could hope for no less than 331, which would afford them a working majority. He put forward a list of twelve points of policy on which the Opposition could unite, including social reform, national control of transport, mines and the Bank of England, and "a positive policy of peace by collective action with France, Russia, the United States of America and other democratic countries".

The memorandum was rejected by the national executive by 17 votes to 3. Sir Stafford Cripps proceeded to circulate it to party members, and for this rebellious act was expelled from the Labour party by the national executive. He promptly announced his intention to appeal to the national conference of the party at Whitsuntide, and he has since launched a national petition in favour of co-operation between the Opposition parties. Whatever may be the rights and wrongs of this controversy from the national,

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Opposition or Labour points of view, it seems strange that Sir Stafford Cripps, who bases his whole case on the international problem, should be so implausible in those very parts of his argument that relate to foreign affairs. In a newspaper article, after referring to "Chamberlain and his pro-fascist forces," he declared that if Labour were to join in a "national" Government it would soon find itself, as a junior partner, "well on the road to fighting the next great imperialist war". It is hard to conceive against whom an "imperialist" war could be fought unless it were the fascist Powers. Indeed in his memorandum Sir Stafford warned the Labour party that within a few weeks Mr. Chamberlain might declare that appeasement had failed, and call on the nation to fight fascism in what would be "a purely imperialistic war". This seems rather too complicated a process of argument for the ordinary elector. As the *Daily Herald* (Labour) remarked recently :

The British electorate, to its credit, is now in an extremely sceptical mood. It is in no spirit to give its trust except to a party which will clearly and persuasively say what it means to do and how it means to do it.

One of the stranger episodes of this peculiar phase of politics, in which certain Conservatives have deserted the Prime Minister because, they say, his policy means war, while Liberals and even Labour people have attached themselves to him because they believe it means peace, has been an attempt to expel Mr. Maxton and the other parliamentary members of the Independent Labour party from their own party because they voted with Mr. Chamberlain in the debate on Munich.

III. ECONOMICS AND POLITICS

IN politico-economics there have been a number of important developments. Agricultural policy has been driven to the fore by sectional agitation : the railways have urged upon us from every hoarding that a square deal for

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them means a great deal to us: and the difficulties of certain export trades have led the Government to adopt a "fighting policy" in international markets.

British farmers have for long been dissatisfied with the working of the marketing Acts, which represent the main agricultural policy of the Government, over and above the de-rating of agricultural land and the subsidies on wheat, sugar-beet, fat cattle, barley, and milk used for manufacture. Before Parliament rose at Christmas, the Conservative agricultural committee passed a resolution demanding that

the State should guarantee standard prices to producers to cover the average costs of efficient production and should decide the steps to be taken to secure these prices; and that these standard prices should be determined from time to time by an independent tribunal on the lines of the Import Duties Advisory Committee.

This plan closely accorded to one for "price insurance" advanced in October by the National Farmers' Union. It was followed by a promise from the Government that they would review the agricultural situation during the recess, and later by the more emphatic pledges given by the Prime Minister in the East Norfolk by-election, when Government unity was threatened. The anxiety of the Government to placate its agricultural critics was further illustrated by the translation of Mr. W. S. Morrison from the Ministry of Agriculture and his succession by Sir Reginald Dorman-Smith, an ex-president of the National Farmers' Union. On his first appearance on the front bench Sir Reginald accepted a private member's motion calling for measures to ensure prices that would cover costs of efficient production, combined with the regulation of imports. He urged the need for swift and direct action to help agriculture, and promised that, after he had conferred with representatives of the farmers, landowners and farm workers, legislation would follow as quickly as possible.

In a year when fiscal resources are being taxed to the utmost in order to pay for rearmament, the Treasury aspect

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of the farmers' proposals must undergo close scrutiny. The *Economist* has calculated the cost of a system of minimum prices, hypothetically applied to the period from 1928 to 1937, on two alternative assumptions: first, that the standard prices were one-third of the way from the bottom of the range of annual average prices over the ten-year period; secondly, that the standard was one-third of the way from the top of that range. The lower standard showed an aggregate subsidy of £67 million, over the ten years, on wheat, barley, oats, fat cattle, fat sheep and lambs, pork pigs and baconers, and hen eggs. With the higher standard, which is presumably a good deal nearer to the minimum prices that the farmers have in mind, the cost would have exceeded £205 million.

Late in 1938 the four main-line railways took the general public by surprise by launching an immense campaign, in which legal and political process is being backed by concerted propaganda through every form of advertising medium, in favour of what they dubbed "a square deal". Their principal demand was to be allowed to fix charges for the transport of merchandise as freely as their competitors, the road hauliers, instead of being subject in every detail to the Railway Rates Tribunal. This body, set up in 1921 when the great railway amalgamation was carried through, decided in 1928 that a sum exceeding £51,000,000 was to be regarded as the standard net revenue of the main-line companies. The latter, however, pointed out that this figure had never been attained in practice, a fact for which, they claimed, road competition had been mainly responsible. Both in their public propaganda and in their official representations, the railways were careful to deny that they demanded any privileges or special defences.

At no time have the railways asked for preferential treatment; they have merely asked that they should be given equal treatment with the road transport industry at the hands of Parliament. . . . The existing statutory regulation of the charges for the conveyance of merchandise traffic by railway, together with the requirements attached thereto, including such matters as classification,

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publication and undue preference, should be repealed. The railways, exactly like other forms of transport, should be permitted to decide the charges and conditions for the conveyance of merchandise which they are required to carry.

The railways were also at pains to deny that their proposals in any way affected their liabilities as common carriers.

The Minister of Transport, to whom two memoranda were submitted, passed on the problem to the Transport Advisory Council, for advice on the *prima facie* case, "provided that due regard is had to the ultimate objective of the co-ordination of all forms of transport". The Council were asked to consider, if they advised abolishing some or all of the statutory controls over merchandise traffic by rail, what safeguards would be desirable for the protection of other interests. The railways later elaborated their proposals before a special committee of the Council. They suggested that the railways be empowered to fix "reasonable" rates for various classes of traffic; that any shipper should have a right of appeal to the Railway Rates Tribunal on the question whether a rate was reasonable or not; but that he should preferably bring his complaint first before one of the regular joint meetings that would be arranged between each of the various trading associations and the railway companies.

On February 6, representatives of the railways and the road hauliers issued a joint statement, describing a memorandum to be submitted to the Transport Advisory Council. It declared that the road haulage industry, subject to safeguards, would raise no objection to the railways' "square-deal" proposals. The railways had undertaken that, for two years after they had been given their freedom, they would not raise objection, unless there were exceptional circumstances, to applications for the renewal of road hauliers' licences, the grant of public-carriers' licences for additional vehicles to existing hauliers, or a similar grant of limited-carriers' licences for vehicles whose operations were limited to a 25-mile radius. The two industries had

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agreed to set up voluntarily a central consultative committee to arrange measures of transport co-ordination and to deal with difficulties that might arise. Due regard, they declared, must be given to the ultimate objective of co-ordination of all forms of transport.

While rearmament has helped to keep internal trade and industry moving, the ground lost since the middle of 1937 has never been regained. On January 16 there were 2,039,026 unemployed, a figure 211,419 higher than in January 1938 and over 400,000 higher than two years previously. This was the first time for three years that the total had exceeded two millions. In his annual report, published in December, the Commissioner for the Special Areas of England and Wales remarked that neither his powers nor the training and transference facilities afforded by the Ministry of Labour were wholly adequate to meet the needs of the long-term unemployed. He suggested that new openings might be found for young unemployed men in A.R.P. work and other defence measures; and that to cash payments made to the young unemployed should be attached conditions calculated to create or preserve physical fitness and to improve morale.

Among the industries contributing heavily to unemployment to-day are the great textile trades, a fact that reflects the difficulties which these trades are experiencing in the export market. In 1937, British exports of textiles totalled £125·7 million, in 1938 only £82·7 million. The fall in these groups was by itself almost enough to account for the drop in aggregate British exports, which declined from £521·4 million to £470·9 million between 1937 and 1938. Re-exports fell from £75·1 million to £61·6 million, while total imports fell from £1,027·8 million to £920·4 million. Hence, on balance, the excess of imports over exports was reduced from £431·3 million to £387·9 million. While this in itself is satisfactory, the lower visible deficit is offset by reduced invisible earnings, including dividends on capital abroad; and the inevitable effect of

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armament expansion on costs increases anxiety for the future of the export industries. They look forward with hope to the operation of the Anglo-American trade agreement. The Government have also enlarged the more direct assistance afforded to exporters, by carrying through an Export Guarantees Bill which raises from £50 million to £75 million the maximum liability of the Export Guarantees Department, extends its facilities to the export of semi-military material (like lorries) which does not serve a "destructive use in war", and allows it to enter into liabilities up to £10 million to assist exports where the transaction, though not commercially attractive, appears on a long view to be in the national interest. Part of the latter sum may be used to assist exporters to secure contracts in face of unfair foreign competition, or to grant longer credit. Hitherto, the Department has been run on strictly business lines, and so far from costing the taxpayer money has put to reserve £3 million, in the 13 years of its life, from the excess of premiums received over claims paid and administrative expenses. The debates on the measure showed that in the mind of the Government as well as the Opposition it was designed particularly to meet German competition through subsidies, barter pacts and so on. In supporting the second reading on December 15, Mr. Oliver Stanley, the President of the Board of Trade, declared :

We have no desire to prevent other countries having their fair share of world trade. Nobody in this House has any idea of an economic blockade of Germany to prevent her trading with the outside world. She has as much right to trade as we have. We believe it is better both for us and for Germany to come to an amicable agreement with regard to sharing markets. . . . We are hopeful of reaching agreement of mutual benefit. It would only be if we failed to reach agreement that we should find it necessary to put into operation those methods with which we now feel it is right to arm ourselves.

It was some six weeks after this utterance that Herr Hitler delivered his speech to the Reichstag declaring that Germany

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must "export or die", and threatening an intensified trade drive all over the world. Commenting on this in a speech on February 3, the Foreign Secretary denied that Great Britain aimed at injuring German trade. Both countries, he declared, profited from the prosperity of world trade in general, a condition that required above all the period of stable peace which Herr Hitler himself had forecast.

CANADA

I. IMMIGRATION: A NEGATIVE VIEW

THE notion of the Dominions as being mainly "waste spaces", "out there", dies hard. Travellers run through such a country as Canada, note the relative scantiness of population, its complete absence from certain areas, and make the logical, if elementary, deduction that empty spaces ought to be filled.

Unfortunately, the processes by which a new country is "filled" are by no means simple, as some acquaintance with the three centuries of experience available would soon reveal. The appeal to history seems to show that settlement, the founding of new communities, is one of the most difficult and complex tasks that humanity can attempt. It is, therefore, not one to be undertaken lightly.

In a country like Canada, where little historical experience has gone unrecorded, the laws of population growth stand out with considerable clarity. It would have been well for the country had it begun long ago to pay heed to them.

The first and most significant of these laws appears to be that the density of population is not subject to much direct control. It is the opportunities for life which a given area presents that determine how much life it will have. "Life", of course, may mean anything from the barest to the most luxurious of existences, every community setting up its own norm in its standard of living. It follows that it is only in exceptional circumstances that immigration—or emigration—greatly affects the rate of growth of the population. Where there are large empty areas of virgin soil, immigration will increase their popula-

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tion. But, after the first rush is over, the only effect immigration seems to have, unless further outlets can be found, such as industrial development, is to displace the people already there.

In Canada, this displacement has been going on, intermittently, for decades. Canadian immigration statistics, used alone, could not possibly be more deceptive than they are. They should never be employed without the corrective of statistics of emigration from Canada; for the two series, over a long period of years, do not come far from balancing. Emigration has involved a return to the original homeland, or, more commonly, entrance to the United States: it may be said that, in the settlement of North America, Canada has not been much more than a path to the United States. All her immigration since Confederation has not increased her population very much. What seems to have happened is that the immigrant, strange in the country, usually poor, has asked less in wages or in standard of living than the native-born citizen (a fact only too painfully apparent), and that, as a result, the native-born, finding it difficult to compete, has gone "where things are better"—that is, to the United States. Hence Canada has been able only painfully to acquire a native population adapted to the country and the basis of a homogeneous society. She has had to take in a new population every generation or so, educate it, train it in the ways of the continent, then watch much of it, in the persons of its children, go off to the United States, to be replaced by still other strangers. This ability of the man who demands less to drive out the man who demands more, on the analogy of the monetary law enunciated by the Elizabethan Sir Thomas Gresham, that "cheap money will always drive out dear money", might be described as "the Gresham's Law of immigration": in every walk of life the man with the lower standard of living, in relation to his productive capacity, will always replace the man with the higher.

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In the second place, the laws of population suggest, what is after all most obvious, that land from which a living can be got must be available if settlement is to succeed. The mere fact that land is empty is no reason for believing that it ought to be filled. The Highlands of Scotland are comparatively empty, but they cannot be "filled" for the simple reason that they cannot sustain much life. So the first rule for making a settlement is to find some area where it can be made.

Here, again, Canada is a misunderstood country, a country to which the map does much disservice. The map impresses us with size but it has nothing to say about usability. Usability depends upon fertility of soil or presence of other resources, and upon climate. Climate cuts down the usable area of Canada in two directions: in the south-western prairies and the interior of British Columbia, where semi-desert conditions prevail, and towards the north, where temperature sets an iron limit to agriculture. Settlement is already not far from this limit.

Fertility, or rather its absence, reduces the usable area still further. Most of British Columbia consists of rugged mountain land. The greater part of the maritime provinces is solid rock. All that other vast area known as the Canadian Shield, some two million square miles in extent, consists of rock, muskeg, lake and river, with only a few small pockets of arable land. The amount of fertile, usable land in Canada, compared with the total area, is minute. Just how much exists is still uncertain, but it is questionable whether there exists more than there is, say, in France—and certainly there is not the amount of first-class agricultural land that France possesses.

For its other means of livelihood, the country has to depend on natural resources all of which possess this common characteristic, that they are cumulatively large in amount but scattered over vast areas, hardly anywhere allowing intensive exploitation, the only basis of a large

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population. Lumbering, mining, all the large primary industries, even wheat-growing, are of this nature. Only in certain small fertile areas, mainly in southern Ontario and Quebec, do soil and climate permit a relatively dense population.

Again, nothing is clearer from history than that Canada can grow in population only as she finds markets abroad. Of her own products (mainly large, simple staples, such as wheat, lumber, paper, copper), she can consume but a small percentage internally: the remainder has to go abroad. A prime difficulty in the Canadian economy consists in the disproportion between natural resources of an extensive, or scattered, nature and the area of fertile land on which consuming communities may arise.

The relation of such an economy to immigration is clear. If foreign trade is flourishing, population increases. If the reverse is true, the pace of economic life slows down, young people postpone their marriages, and the rate of population increase falls off. Under such circumstances, newcomers only accentuate the difficulties of those already there.

A further lesson from history is that pioneering, in terms both of money and of human values, is a costly process. No amount of paternalism can create a pioneer, paternalism in settlement being one of the surest guarantees of failure. The successful pioneers have been those who have stood on their own feet and stuck it out, at whatever cost. A deduction from this fact, also borne out by experience, is that large schemes of mass settlement have rarely been successful. Settlers invariably develop grievances against the parties in charge, expenses are always greater than had been anticipated, cash is never available for paying off sums advanced, and, as a rule, most of the settlers drift away. The new world has been pioneered by intense individualists who, far from wanting civilised comforts, have delighted to bury themselves in the forest, away from their fellows.

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If all these general considerations be applied to Canada to-day, they bar out any possibility of resuming large-scale immigration. Large amounts of available land do not exist, the necessary foreign markets do not exist, and the potential immigrants do not exist.

There are, of course, still some secondary areas of available land, especially in northern Alberta, in the interior valley of northern British Columbia, and in northern Ontario and Quebec. All of these areas are more or less remote, and present uncertainties of climate. Their settlement should go forward slowly and for the present on an experimental basis. Some of them are perhaps favourable enough to warrant gradual colonisation by highly selected persons who have no illusions regarding the difficulties ahead of them.

As for foreign markets, it is hardly necessary to point out the difficulties that Canada is having in disposing of her wheat, difficulties that are likely to increase rather than diminish. Since the Canadian pioneer must rely on wheat as his first crop (again, the reader is referred to history), pioneering these days is a discouraging business. So far from being able to absorb fresh people, we are puzzled to know what to do with those we have. The increasing mechanisation of farms is steadily decreasing the rural population, especially on the prairies. From the drought areas, natural calamity, causing hardship exceeding anything known in the worst of English depressed areas, has expelled people by the thousand, the refugees having fled to older communities already labouring with their unemployment problems. If any kind of living is to be had at all, land in a country like Canada cannot be subdivided very much, so that all but one or two of the children from the average farm home must leave the farm when they grow up. In the west, some of the young men can still get new land, either in their own neighbourhood or as pioneers on the agricultural frontier. Others must go to the towns, none of which is expanding to any marked degree. In

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the east, industrial life is still expanding moderately, and Ontario has become a general reservoir for the youth from all over Canada. They tax it to its capacity. It will surely be conceded that farmers' sons, accustomed to the country, make the best pioneers, and that they as native-born Canadians have the first claim to whatever land is still available. Both for rural and urban purposes, the annual increment of the Canadian population is unfortunately more than sufficient to meet all the development that is likely to occur.

Even if that were not the case, the type of immigrant that we could get is not the type that we are going to take. Immigrants could be found in Slavic Europe, in China or Japan. We have too many of them already. Canada, west of the Great Lakes, is already almost "balkanised". If we succeed in Canadianising the vast masses of Slavs—and Germans—already there, we shall do very well. No greater blow was ever struck at our national well-being than the unwise immigration policies prevailing until 1930. We do not want them begun over again.

Potential emigrants do not exist in Great Britain. A country with a birth-rate of 14.7 and a death rate only slightly below that is in no position to send out emigrants. Rather will it attract them—as it has been doing during the last few years. Except in individual cases even the manpower that it has is not the type we need. Pioneering should be left to the native Canadians. It is a slow process, and it ought to go forward slowly. But it will go forward; for, where men can make a living from the soil, the soil is invariably used. Talk about Canada's not using her land is nonsense. Her offence has been that she has attempted to use it too quickly. We should be a pioneering people for generations yet.

If people from Great Britain wish to come to us as individuals, prepared to stand on their own feet, they will get the welcome from us they have had in the past. We cannot be expected to appreciate masses descending on us,

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crowding out our own people, and sooner or later becoming dependent. But the salt of the earth is still welcome here.

A resumption of immigration, then, on any large scale, is to be deprecated. Individuals we can fit in. Refugees from Europe we ought to look upon with compassion, trying to do our duty even at cost to ourselves, for refugees necessarily would displace people of our own. But grandiose attempts at settlement, no. There are many people in Canada who would like cheap labour, many who would like to exploit the immigrant settler, many who have fantastic notions about increasing the population by pouring people in. There is no one who desires to promote large-scale projects of immigration simply because he is filled with the milk of human kindness.

No man, we are told, by taking thought can add one cubit to his stature. Neither can immigration into Canada cause a sudden deviation from her natural laws of growth. Over-feeding has the same unpleasant effects on the body politic as it has on the physical body.

II. ANOTHER VIEW OF IMMIGRATION.

MOST objective observers of the Canadian scene would agree that some increase in population would be an advantage to Canada. The arguments advanced in favour of this thesis are many and varied. Among them are the following: a larger population would enlarge the home market, would provide additional traffic for the extensive transportation systems, and would probably, in time, help to strengthen the sense of unity within the country, as seems to have been true of the United States. It would also be a diplomatic asset in a world of power politics, and, if it were productive, it would increase the wealth of the country.

Some of the totals suggested by certain authorities—for example, Griffiths Taylor, 159 millions; Alois Fischer, 150 millions—are not worth more than passing notice.

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They are so much a speculation, with little or no relation to the conditions of the contemporary scene, that they have no place in this discussion of the subject. There are grounds, however, for giving serious consideration to any proposal to bring modest numbers of immigrants to Canada.

The first of these is the humanitarian one. There are in Europe hundreds of thousands of men, women and children who are the victims of political and racial persecution. Some of them find themselves in this unhappy position as a result of the German seizure of Austria and of portions of Czechoslovakia. As it would seem that these unfortunate individuals are paying with all that makes life worth living for the precarious peace that was secured by their surrender, and as apparently Canada was prepared to participate in war had it come, at a cost to herself of untold millions, it seems that Canada might well offer sanctuary to a number of those whose sacrifices made peace possible, and, with peace, this saving. Some of these people are Jews; others are Czechs and Germans. Most of them are of a type that would contribute unusual qualities to any nation. Seldom if ever in the past have so many desirable emigrants—desirable in the physical, cultural and intellectual sense—been anxious to find new homes for themselves. Some of them would come with considerable wealth. Others could introduce trades, techniques and handicrafts which, without competing with industries already established, would almost certainly increase employment as well as add to the wealth of the community. Almost all of them would be assets in terms of human and cultural values.

But this refugee problem is a special and, one hopes, a temporary one. What of immigration generally? The answer to this question would seem to lie, for the present at least, in the field of economics. For, if new immigrants are to be admitted in any considerable numbers, it must be shown that they can be profitably employed, without at

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the same time displacing those already resident here, or lowering the wage rates or standards of living of Canadian workers and agriculturalists. Admittedly this would be difficult, but that should not deter us from examining every scheme or proposal that offers any possibility of success.

The first and most frequently pressed of these is the "group settlement", as advocated by General Hornby and others. Under this scheme, numbers of new immigrants would be attracted in groups or "colonies" and established in these groups upon agricultural land. This scheme is attractive for a number of reasons. Presumably the "colonists" would support themselves off the land they occupied. There would thus be no relief problem, and labour could be assured that the newcomers would not compete with them for the all-too-few jobs at present available. In fact, as they would bring in enough capital to establish themselves, or have it provided on arrival, it is obvious that their arrival would increase employment, for a time at least. It is also certain that additional people would have additional needs to be satisfied, in the form of clothing, agricultural machinery and other goods that they could not produce themselves; the satisfaction of these needs would, in turn, provide employment in factories and freight for the railways, and increase the flow of money in circulation.

But would these gains be permanent? That would depend, in the long run, upon whether these "colonies" were self-supporting and wealth-producing. For it seems clear that, if they were not, the members would desert them and seek other, more remunerative occupations in the urban centres. There is little doubt that a living of sorts can be made on the land, if the land is good agricultural land, and if the occupants are reasonably intelligent and industrious. Opinions differ regarding the amount of good land still available for settlement in Canada. Those who have studied the matter closely consider that there is

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little, if any, although the orators still talk of "wide open spaces" and "limitless resources". While one must accept the opinion of the experts upon such matters, it is probable that limited areas of fairly good land still remain unoccupied. The clay belt in northern Ontario, the northern areas of the prairie provinces and portions of British Columbia are the most promising in this respect.

But is a living enough? If not, can agriculture provide sufficient return on the capital and labour invested in it to compete with industry for the young men and women of the country? The answer to this is largely a question of the markets and prices that can be obtained for the goods produced. There is no doubt about the ability of the Canadian west to continue to produce wheat, despite drought, grasshoppers, rust and other plagues; and, certain sections of it, to produce other commodities as well. There is doubt whether they can be produced profitably—that is, provide a satisfactory return for the capital and labour invested in the farms. The result is a tendency among the more ambitious members of the younger generation in the west to leave the farms. Among farm operators themselves, it stimulates a more efficient operation of the farms. This usually means larger farms and a displacement of labour by machinery.

The problem of the agriculturalist in Ontario and British Columbia is somewhat different, as those provinces are better suited to mixed farming than the prairie west. But here, too, profitable markets must be found for the products of mixed farming if this occupation is to prove attractive. As these markets are definitely limited and competitive, here as with wheat farming the aim is to keep down costs, including labour costs. The answer seems obvious: efficiency and profits, those essentials of the modern industrial system, make any large increase in the agricultural population of Canada a very doubtful prospect.

But there is another side to this picture. Many individuals like the kind of outdoor life that agriculture

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provides. It is becoming increasingly clear that the fate of labour in a freely competitive industrial market is a bleak one, and if these "colonies" can be self-supporting, which seems probable, and if they themselves provide co-operatively for the other human wants and desires, of a cultural and æsthetic nature, it would seem that they could be made far more attractive for a certain type of individual than industry ever can be, with its recurring or continuing periods of unemployment. This may require a somewhat different philosophy of life, as well as a different way of life, from those generally held and followed to-day. But that may be necessary in any case for large numbers of people if they are to find a happy existence in Canada. If this were possible, there seems no reason why the older agricultural areas of Canada should not support larger populations, for certainly the land could produce the food to sustain them.

In industry the situation is different; for the urban industrial worker cannot be self-sustaining unless he is employed. Hence there must be an expansion of Canadian industry if more workers are to be employed. In the past, this took place because the economic frontier was continually being pushed forward. But that period seems to have definitely ended, except in the northern mining areas, which are never likely to absorb very large numbers of people. Such expansion as does take place must therefore be on another basis. Two possibilities suggest themselves: an expansion of existing industries and the introduction of new industries. Industrial development in Canada is limited by two factors—the demands of the internal market and the possibilities of finding markets abroad. The internal market is limited by the number and wealth of the Canadian population. If that population is increased by the addition of immigrants, and if these immigrants have capital, the internal market for Canadian industries is thereby increased.

The external market for Canadian industrial products

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seems to be much less certain. Canadian industry itself was built up behind a protective tariff in order to provide wealth and employment for Canadians. Other nations adopt various means of protection for themselves, and these practices are likely to continue and to increase in extent and effect. The external market for Canadian industry, then, seems to be limited to those goods which Canada produces and other countries do not produce, and those goods which Canada produces more efficiently than other countries. In respect of the first category—specialised goods which other countries do not produce—it seems that some of the immigrants now applying for admission to Canada could establish such industries in Canada; for they were engaged in them in the countries from which they have been driven. Measures might also be taken, in co-operation with the authorities in the United Kingdom, to establish special small-scale crafts and industries, which would require the migration of a number of skilled workers and craftsmen from Great Britain. These industries, if established in Canada, would provide employment, not only for the migrants, but for many others as well. Even in a country as highly industrialised as England, eleven thousand of the refugees recently admitted are said to be already giving employment to fifteen thousand Englishmen.

Since there are not many of our present secondary industries in the second special or preferred category, our sales of manufactured goods in external markets are at present mainly limited to those in which we have a tariff or quota preference. But the St. Lawrence valley, with its navigation and hydro-electric power facilities, seems well equipped for industrial purposes, and there is reason to believe that it will become an increasingly important industrial area, with export possibilities. This in turn would increase employment and make new immigration a feasible proposal.

Those countries which suggest that Canada should take some of their surplus population might be informed that

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this should be possible provided they in turn took more of Canadian exports. For in the present Canadian economy there is a clear and important connection between employment and available external markets.

There are those who argue that Canada has already experimented with group settlements and that these have proved to be failures. This may be true, but if we profit by this experience other "colonies" might be successful. Others point out that Canada has lost about as many citizens to the United States as she gained from immigration, and argue that she would be better off and just as populous if no immigrants had been encouraged to settle here. This does not necessarily follow. Canadians left Canada because there were more attractive opportunities elsewhere. They were not, in the majority of cases, pushed out by immigrants. Their movement was part of the larger movement of population from the country to the urban areas that was taking place everywhere in the western world and is still going on.

While the general conclusion to be drawn from the foregoing is that a certain amount of immigration would be beneficial, it seems clear that Canada cannot, at the present stage of her development, absorb anything like the numbers that came to her shores in the boom days of immigration. These exceeded 400,000 in 1913. The war, of course, changed the course of migration as it changed so many other things, but by 1929 the figure had mounted again to 166,783. The depression, however, coupled with the restrictive immigration measures which were introduced as a result of it, reduced the annual figure to 11,277 in 1935 and to 15,101 in 1937.

The number of immigrants that Canada could absorb in normal circumstances is difficult to arrive at, particularly as it seems that the natural increase in the population will in future have to find employment in Canada instead of seeking it in the United States, as so many people did in the past. But certainly more than eleven thousand per

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annum could be admitted, and probably as many as fifty or sixty thousand. This assumes a period of normal economic development, but nothing is less certain in the international world in which we live to-day.

Canada,

January 1939.

AUSTRALIA

I. DEFENCE

NEVER before, save for a few wild days in 1914, have foreign affairs come so close to the Australian public. Nor has the immediate defence of Australian shores ever before seemed an urgent problem. In the last war, the Japanese alliance meant that defence, in the narrow sense, was of little concern, and even the universal training of 1911 was a leisurely long-range plan which devoted its first year to very elementary cadet training. After the war, defence receded well into the background. That job was done. For the last five years an increasing minority has felt a growing concern, but defence had no urgent reality for Governments or the press until the crisis of Munich enlightened us. The Australian story since September has been one of spasmodic groping towards a defence policy.

Not much need be said of public opinion on the crisis and on its sequels. In the main it has been moulded by the cables from Great Britain. In Sydney, however, the *Morning Herald*, well-informed and critical, gave a lead in sceptical appraisal of British policy, and other daily papers have tended in the same direction. It has been left, rather quaintly, to the strongly nationalist *Bulletin*—not now as influential as once it was—to figure as the stalwart defender of Mr. Chamberlain. In the other capitals, press opinion has been, on the whole, formally pro-Chamberlain, but faith in the policy of appeasement, never very robust, has been steadily weakened by events since Munich.

It had in any case a difficult hurdle ahead in the shape of the Pacific mandates. Like the rest of the world, Australia was ready enough to sacrifice somebody else on the altar of appeasement, but even the best appeasers were inclined to blink over New Guinea. The anti-Semitic excesses in

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Germany caused opinion to harden. Even the old advocates of a pooling of tropical resources held their peace. The obvious difficulties that a German New Guinea would cause for Australian defence became more fully appreciated. Australia is solid against any return of mandated territory; and a succession of Ministers, led as one would expect by Mr. Hughes, denounced the idea with appropriate rhetoric. The only doubt was whether we were strong enough to render our opinion of any interest to the world at large.

The great majority have agreed in crediting Mr. Chamberlain with good intentions in pursuit of peace and freedom, however they may differ about the wisdom of his method. Few people accept the picture of Mr. Chamberlain scheming to make things easy for Herr Hitler, and staging emotional drama to bring it off—except of course those who, as a matter of professional etiquette, would attribute villainy to any British Conservative. There has been at least a wonderful unanimity on the practical conclusion that Australia is faced with a new and immense defence problem.

We have, of course, been brought up to look for defence to the British navy and its ability to dominate the Pacific at will. It was the threat of trouble in 1935 which suggested that, in a European crisis, the British navy might easily have too much to do in nearer waters to allow any considerable diversion of strength to the Pacific. Readers of *THE ROUND TABLE* will be familiar with this view, but it made singularly little impression here on the press or the general public, or even, it seemed, on the Government. Conviction has now come with a rush and taken hold of press, public and Government. With it has come a realisation that our defences, even at paper strength, were absurdly inadequate to meet vigorous aggression. The illumination that Germany has thrown on the screen of political probabilities, outdoing Italy and Japan, has at a flash rendered the danger real and instant.

The position, we are now officially told, is that on any threat of trouble in the Pacific four or five capital ships

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will be sent from the Mediterranean and stationed at Singapore. This force would be strong enough to deter large-scale operations in the South Seas by a fleet based on Japan. We might still be subject to a large-scale raid before the battleships had reached Singapore; thereafter, we would be exposed only to minor attacks, which might, however, be frequent, and to a considerable destruction of trade and shipping. We should not be exposed to a prolonged large-scale invasion or to complete blockade and isolation.

That is apparently the official view of our danger, but the public suspects the usual official optimism for public purposes. No one doubts the desire of Great Britain to give all possible help; her own interests are too much at stake for her to neglect Pacific defence. But can any guarantee be given of her ability to send such help? We do not know, but we do not feel sure that those capital ships will be at Singapore when they are wanted. We are contemplating the possibility of drastic interference with our oversea communications and of a long-continued and intense attack on our shores. Moreover, there are some indications in the defence measures proposed that the Government takes this graver view of our danger.

The silence of the Government during October and November puzzled and irritated the community. The inefficiency of such defences as we have can hardly be doubted. The inadequacy of training is admitted by all our experts. September 28 showed up grotesque deficiencies of equipment, which have been noted in important journals and not denied. What the public asked for in the first place was a frank admission of short-comings—an inheritance accumulated over many years—and evidence of a determined will to make them good. What it got was a suave assurance by the then Minister for Defence that there were no serious defects in the defence organisation. In the second place, the public asked for some responsible and authoritative pronouncement on the general situation,

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a candid estimate of our danger, evidence of a plan to meet it, and an appeal for a combined effort which might possibly require even more resolution and steadfastness than was required of Australia in the last war. A statement of that nature could come only from the Prime Minister. For some time it did not come.

This demand for a lead and for evidence of a strong Government was reiterated by the press of all colours almost daily. The Labour party, still weak and divided, offered no likely alternative Government, and the cry was for "drastic reconstruction," but few people had any very clear idea of what that meant. There was a movement for reinforcing the Cabinet by including Mr. Stevens, the Premier of New South Wales, but personal distrusts and divergences on financial policy were too strong to make this a comfortable or an effective solution. In the event, Mr. Thorby moved from the Ministry of Defence to make room for Mr. Street, whose character and war record inspired general respect. Two Ministers dropped out, but no very effective strengthening of the Ministry seemed to have resulted. We still have a coalition Ministry, with all the handicaps to efficiency that this implies. The Prime Minister must have had a full-time job in merely keeping the partnership together, adjusting the claims of the partners, and settling the rivalries among individuals, which inevitably came to the front in the absence of a unifying policy or a strong Opposition. Mr. Lyons has had a long spell of managing a very difficult team.

There was one member of the House, an ex-Minister, of whom high hopes were held. For ability, knowledge and wide understanding of Australian problems, there was no match in Parliament for Charles Hawker. His freedom from self-seeking and devotion to the common interest were universally acknowledged. To a very remarkable degree he held the confidence and high respect of all who cared for the public interest throughout Australia, irrespective of party. He had left the Government on a fine point

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of principle, but remained friendly and helpful. It seemed a heaven-sent opportunity to bring him back into the Government and give his powers full scope. And then on October 25 he flew from Adelaide in the *Kyema*, which crashed into Mount Dandenong, and this hope died with him.

Mr. Lyons himself is in a very strong position as the only man who can lead the non-Labour forces to success at the polls. His transparent honesty, tolerance, and singleness of purpose have always impressed the general public, and they remain faithful. Some measure of distrust, not always justified, or at least a want of understanding, is felt in respect of every other possible leader. The difficulties of the Government, some inherent, some accidental, have hardly been fairly recognised. Mr. Lyons has now had time to re-adjust himself to the new world. There are elements of great strength in his team.

Here, as in every critical time, in the great depression as in the great war, problems of federation are exposed by the weakness for action inherent in a federal constitution. Important aspects of federation came up at the Loan Council and Premiers' Conference held in Canberra on October 21, and it was there that the lack of federal leadership most markedly and most deservedly came under general condemnation.

The problem was to adjust state loan expenditure to the needs of defence, particularly in regard to roads and railways, which are state responsibilities. The states are in constant competition with one another for any money made available by Loan Council decision, but to-day, with a measure of business recession looming ahead, they are more concerned with the employment given than with the works achieved. Apparently it should not have been difficult to get certain defence works in some states carried out by state loan expenditure. Mr. Stevens made public proposals of this kind, and other Premiers gave more or less qualified support. The public was

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almost thrilled at the unusual prospect of real co-operation between Commonwealth and state Governments in a national cause. The results of the Conference were therefore awaited with high hopes.

There were no results, and the blame has been variously distributed. An impressive statement by the Commonwealth and a concrete, if provisional, plan of action were the first necessities, but they were not forthcoming. Discussion was lost in generalities. The atmosphere seems to have been bad from the beginning, a fact to which some of the Premiers notably contributed. Some were unwilling to remain for a second day in order to make a fresh attack on their difficulties. Finally the Conference split over a point in procedure on which either party could have safely given way, and broke up without a single constructive resolution. Public dissatisfaction was intense and was faithfully mirrored in all the newspapers. Most blame fell on the Commonwealth Government, and the cry for "reconstruction" was redoubled.

Public anxiety expressed itself in various ways, notably in a campaign for a revival of compulsory military training, which was abolished in 1929. Compulsion has been advocated, often with strong feeling, from many and diverse quarters, even from the Tasmanian branch of the Labour party, with the concurrence of the Tasmanian Labour Government. There is little elaboration of detail or specification of the purpose for which training is required, but the emphasis is on compulsion as the only effective means of attaining the numbers of men needed.

Universal training of some sort, not exclusively military, may well come as a school for the discipline and co-operation that democracies must learn if they are to survive. Voluntary movements, such as are springing up in schools and universities and elsewhere, may lead to useful practical experiments and to the better informing of public opinion. The immediate military need, as now stated by the Government, is a trained militia of 70,000, that is, double the

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previous establishment. Up to October the voluntary system had produced the required 35,000, though training was very imperfect. The question whether the ranks should be compulsorily filled is said to have divided the Cabinet. As a compromise, it was agreed that voluntary enlistment should at least be given a trial under the new conditions of public concern about defence. Mr. Hughes is leading a recruiting campaign, and employers generally have promised encouragement and support, but it is too early to quote results.

It is difficult to see how any general scheme of training, military or otherwise, can be made effective and permanent without some co-operation with the Labour party. It was this party which introduced universal training in 1910, but now it is for the most part very hostile. The reasons for hostility are not quite clear, but they seem to be connected with possible implications of compulsory training, such as military service overseas and conscription, or at any rate regimentation of civil labour. At all events, though Mr. Curtin has been solid for defence and has propounded a strong defence programme, he has not been practically helpful in furthering a national policy. Whether the fault lies with the Opposition or with the Government, as many people believe, there has been little successful co-operation between them on defence.

After December 4, the outlook for defence and the prestige of the Federal Government brightened appreciably. On that evening the Prime Minister made on the air an appeal to the Australian people and struck the very note that was wanted. He began uncertainly, but he ended with a sincere and moving statement of the danger and of the effort needed to meet it.

Two days later, Mr. Street made the promised statement on defence. This, too, marked a considerable advance. It was not so much the actual defence measures proposed as the general tone of the statement that gave satisfaction. Clearly, not only the Minister but the whole Cabinet

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had been thinking hard about defence and thinking constructively. For the first time since September people had the impression of a Government that knew where it was going and meant to get there.

The action proposed was to increase the three years' programme of expenditure, announced in March 1938, from £49 million to £63 million. Naval expenditure was raised by £4½ million, to be spent on ships, harbours, equipment and stores. The army programme was expanded by £8 million, for the increase of the militia from 35,000 to 70,000, with the necessary equipment and stores. The air programme received £4 million more for equipment and stores, and for training of reserve personnel, with the significant addition of an air (and naval) base at Port Moresby in New Guinea. Munition supply, including reserves of raw material, would need nearly £2 million more, and £500,000 was added to the provision for organising reserve capacity in civil industry. The resultant sea-land-air ratio is about 5 : 5 : 4. The annual cost of maintenance when the programme is complete is estimated at £12 million, exclusive of interest on any money borrowed. The total defence expenditure that will come into the present financial year is about £18 million, an increase of nearly £3 million, which, it is suggested, is the maximum that can be spent efficiently in the time. The biggest single item is the appropriation for the increased militia, but the emphasis generally is on equipment and stores.

The statement did not give a clear summary of defence policy in its broadest aspects, but it threw some light on the problem. The practical aim was described as to "provide forces for local defence as a deterrent to aggression, and as a means of holding out until support is forthcoming." This phraseology, coupled with some of the detailed proposals, suggests a grave view of the aggression to which we may be exposed. Mr. Street was confidently hopeful about the Singapore squadron, but his language, perhaps of necessity, was a little ambiguous. On the much discussed

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question of adding a capital ship to the Australian navy, he was indefinite. "The total estimated cost (he said) is about £16 million. The Government has decided that as a capital ship could not be obtained before 1943 the idea should not be adopted at this juncture." Docking facilities are contemplated for capital ships, a proposal which pleases all parties in the battleship controversy, but the cost does not appear to be included in the present programme of expenditure.

The proposed rate of expenditure over three years still amounts to less than 3 per cent. of national income, against Great Britain's 6 per cent. (now rising to 10 per cent.), and Germany's supposed 17 per cent. in 1937-38. Is that enough for our purpose, as defined by the Minister, of deterring aggression and holding out "until support is forthcoming"? Is it enough, aided by geography, for this limited purpose, which is no doubt the sober practical objective? The Minister himself appears to be doubtful. "It is the maximum that is possible within the next three years without greatly upsetting the national economy." This seems to suggest that when we have become used to this load, and can carry it without strain, some addition is likely. National economies have to adjust themselves to these exigencies, and, after all, standards are largely a habit of mind.

Even more satisfactory is the evidence that the Government is thinking round all sides of the defence question. A small committee, with a personnel which gives confidence that it will be practical and realistic, is studying the problem of human resources and a national register. It appears from the Minister's statement that similar committees are contemplated for such matters as :

1. The regulation and control of primary production in an emergency.
2. The mobilisation of secondary industry.
3. Commonwealth and state co-operation.
4. The financial and economic effects of a blockade.
5. Costing and profit control in private munition factories.

PUBLIC FINANCE

These are important and difficult questions, and all that we know so far is that they are being considered. The active co-operation of the states is particularly essential, and that will require a new approach, almost a change of heart, from Canberra, where isolation too often breeds swelled heads in legislators and administrators. The Government has yet to make good on these more general questions of organising the community for effective defence. Even in the narrower military sphere, we have still to see if Mr. Street can push home his first attack. In particular we do not know what plans he has for making militia training effective. Training time has been increased to eighteen days a year, but this still seems to most soldiers absurdly inadequate.

We have nevertheless moved a long way from the gloom and uncertainty of October, and can with good hope await the event.

II. PUBLIC FINANCE

FOR the last year or so, the prospects of the conversion loan of 1938 had caused anxiety in treasuries and banks. In 1931, the whole of the internal debt was consolidated, in one conversion, to 4 per cent. bonds arranged to fall due at varying dates. The first instalment of £67 million fell due in December last. In 1931, small holders were given preference for the shortest date, so that this instalment was expected to include a disproportionate share of weak holders, who would not be attracted by a 16-years' term at a lower rate of interest. Conversion of so large a sum under these conditions looked a little precarious.

These forebodings have not been realised, although in October the Loan Council added £4 million for defence to the conversion total. The loan was opened for a month on November 16. The response exceeded expectations, and on December 17 it was announced that the loan had been fully subscribed with the help of a subscription of

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£6 million by the Commonwealth Bank. This sum was not much greater than the amount that the Bank might have invested as a business transaction on behalf of the Savings Bank. The Chairman, however, issued a special statement to the effect that the Bank took action in view of the present economic position in accordance with its policy as a central bank.

In truth, the continued run of low export prices, coupled with serious drought, has reduced London funds and depleted the liquid assets of the trading banks, which have maintained the volume of credit, now particularly necessary for rural producers, only in hope of relief by central bank action. Some relief appears to have been given by open-market operations in recent months, and this statement of Commonwealth Bank policy may be expected to assure the trading banks and the public that a reasonable liquidity in the banking structure will be maintained and no rise in interest rates encouraged. The Chairman's statement has been well received everywhere as evidence that the Bank has an active policy appropriate to the circumstances, and means to carry it out.

Public finance is showing the first signs of entering on a new phase. For the last two years, state budgets have been balanced in the aggregate, and there have been large Commonwealth surpluses since 1932. Australia has had low export prices all this year, but internal activity has been so well maintained that the effects on public finance are only just beginning to show. Imports are now falling away appreciably, and customs revenue can hardly reach the estimate. A patchy season, seriously bad in Victoria, is affecting all the states, and deficits may rise to a couple of millions by January 1939, though the treasuries are not so far admitting any such figure. Deficits of this size will probably be accepted as a normal feature of a business recession, and will be financed from loan without causing any public uneasiness.

The foregoing is the prospect before taking into account

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the new defence expenditure. The method of financing this has not yet been settled. The cost of maintenance, estimated to rise to £12 million per annum, will be carried by the ordinary budget and this will involve increased taxation of, say, £4 million. Of the remainder of the £63 million spread over three years, about £12 million is required for equipment purchased overseas. There will be a strong case for raising a loan in London to finance purchases from Great Britain, especially as additional drains on London funds ought now to be avoided. If London will help to this extent, there will remain nearly £18 million to be provided. Of that, £8 million has already been raised by loan in Australia, and the remainder will probably be raised in the same way. This, in conjunction with requirements for works, should not put undue strain on the local market, reinforced as it will be by national insurance investments. Effective co-operation between states and Commonwealth, in the substitution of defence for ordinary works, would undoubtedly reduce loan requirements to an easily manageable figure.

The national insurance scheme came near to shipwreck in November. On account of the delay in making terms with the medical profession, an amending Bill was proposed, postponing contributions until May. The Country party seized the opportunity to demand exemption of rural workers, as the price of continued support, with indefinite postponement as the alternative. Opposition from the other wing of the Government coalition was bitter, and for some days it looked as if the Government as well as national insurance would go down. In the end it was agreed that the amending Bill should be dropped, and the Act proclaimed at once, to operate from next September, so that all possible obstruction in House and Senate was avoided. As a sop to the Country party, a Bill is to be prepared which will extend the benefits of national insurance to farmers and others working on their own account.

Australia, January 1939.

SOUTH AFRICA

I. THE VOORTREKKER CENTENARY

ON December 16, 1838, there was fought the battle of Bloedrivier (Blood river) in the northern part of what is now Natal. It was the "crowning mercy" of the Great Trek. The emigrant farmers, who sought to escape from British rule in the old Cape Colony, found no prospective home quite so attractive as the green and pleasant land of Natal. There, led by Piet Retief, they decided to establish themselves. But their leader, with sixty followers, was treacherously murdered by the Zulu king Dingaan, and in subsequent ambushes and affrays the Voortrekkers suffered severely. Then at Bloedrivier they won a great victory, which, for a time at least, broke the power of the Zulu nation.

That battle has always been regarded as the most significant event of the Great Trek. The celebration of its anniversary under the name of Dingaan's Day is a fixed event in the South African calendar. Naturally enough, that celebration has been of primary significance for Afrikaans-speaking South Africans. But to an increasing extent English-speaking South Africans have taken part. That also is as it should be. One of those who were murdered with Retief bore the name of Thomas Halstead; and English-speaking colonists from Durban, who had readily associated themselves with the Voortrekkers, participated in the subsequent fighting, several of them being killed.

As the centenary year 1938 approached, its celebration in a fitting manner was mooted. Some years in advance a committee was set up, independently of the Government but with Mr. E. G. Jansen, Speaker of the House of Assembly, as chairman, to raise funds and take the other necessary steps in connection with the erection of a suitable

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Voortrekker Memorial. The conception of this memorial grew in magnitude and in cost, and in due course the Government was approached for financial assistance. By this time it had realised the significance of the matter, and had decided that the centenary celebrations should be organised on national lines. It met the request of the committee by agreeing to assume ultimate financial responsibility for the erection of the monument, over and above such funds as might be contributed by the public, but it asked for a measure of representation on the committee, and laid it down that the latter's decisions were to be subject to its approval. It went further. It declined to recognise this committee, even when augmented by government representation, as having any wider function than that of determining the form of the monument and making arrangements for its erection. The celebrations on and about December 16, 1938, were, it declared, to be regarded as a matter for the state. Although it agreed to the appointment of a celebrations committee, on which the original committee and the Government itself were to be equally represented, it insisted that the celebrations should take the form of a state function, the committee being merely an advisory body.

The spirit in which the Government made this decision was clearly indicated in a statement that it issued at the time, from which the following may be quoted :

The decision to which the Government has come contemplates the celebration of the centenary on a broadly national basis, worthy of the occasion, and in such manner that all sections of the people of South Africa can take part in it. In view of this, and having regard to the importance of the Voortrekker period in the history of our country, the Government has decided to assume responsibility for such a celebration and, in connection therewith, for the erection of a monument which will inspire the people as a whole, now and in the future, without regard to sectional or party differences, with a feeling of national pride.

The original committee accepted the Government's proposals, and the machinery was duly set in motion.

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Plans were approved for the erection of a noble monument, at an estimated cost of £250,000. A dominating site on the hills outside Pretoria was selected. It was arranged that the foundation stone should be laid on December 16, 1938. The celebrations committee was duly constituted, and of this body also Mr. Speaker Jansen became chairman.

Yet, although apparently everything had been settled amicably, behind the scenes two conceptions of the nature of the celebrations were struggling for the mastery. In view of the sentimental significance of the occasion, of the importance of sentiment in the politics of South Africa, and of the readiness of South African politicians at all times to exploit sentiment for party ends, it was inevitable that in due course this struggle should erupt into the open. On the one hand, there were those who saw in the commemoration of the Voortrekkers the opportunity of stimulating an exclusive Afrikaner nationalism, who regarded them as heroes of a section only of the South African nation, and who wished to use the honour paid to them as a means of deepening the national self-consciousness of that section. There were, however, others who felt—and this was the view of the Government—that the Great Trek, as the greatest episode in South African history, belonged to the whole of South Africa, and that the centenary should be celebrated in such manner that all who were truly South African in spirit might realise that they had a part in it, thus enabling it to serve as a potent bond of national unity.

The issue was first brought to a head towards the middle of 1938. Since the Government intended that the celebrations at the monument should take the form of a state function, it followed that the Governor-General would attend, and would of course be received with the playing of "God Save the King". At that time, however, with the Union Day incidents* still fresh, the

* See THE ROUND TABLE, No. 112, September 1938, pp. 847 *et seq.*

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national anthem question was very much alive, and the Opposition Nationalist politicians and press set in motion a violent agitation against the playing of the British national anthem at a function in honour of men and women who had sought to escape from British rule. The Prime Minister, General Hertzog, however, refused to give way, until he was approached by the English-speaking members of his party. Their view was that, if the function was to be a state function, it was essential that the Governor-General should attend, and "God Save the King" be played. They felt, however, that in all the circumstances the Government might depart from its decision that it must be a state function. With this the Government agreed. The celebrations committee was given full authority to proceed with the arrangements on its own account, on the understanding that it would do so in the same spirit as had animated the Government itself.

But in the meantime, independently both of the Government and of the committee, a new development was taking place. An Afrikaans cultural body decided to organise a trek which would symbolise the Great Trek of a hundred years ago. Two ox-wagons started at Cape Town early in August and progressed slowly through the country along a pre-arranged route, so as to arrive on December 16, the one at the Pretoria monument site, the other on the Bloedrivier battlefield. It became clear very soon that the symbolical ox-wagon trek contained great sentimental, and therefore political, possibilities. At each of the towns visited, great demonstrations in honour of the Voortrekkers were staged, at which speeches were made, sometimes violently political and (in the South African sense) racialistic. In some parts of the Cape and of the Orange Free State there were unpleasant incidents. Several additional ox-wagons were set in motion, in order that all parts of the country could be visited by one or other of them; and a great sentimental surge was

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started. Among the manifestations of the stirring of the wells of sentiment were the growing of beards by men in imitation of their Voortrekker forbears, and the reversion by women to Voortrekker fashions in dress. These things were in themselves innocuous—even picturesque—but they served to strengthen the sense of “Afrikaner” distinctiveness.

By the middle of October the sentimental surge had reached such proportions that it was difficult to foresee the consequences, especially at the climax when the ox-wagons should have reached Pretoria, and the foundation-stone of the monument should be laid before a crowd larger (so it was rightly estimated) than any yet seen in South Africa. Fortunately, the surge to a large extent subsided. When the wagons reached Natal, they were most cordially received by the predominantly English-speaking population of that province. The same happened in the older Uitlander town of Johannesburg, and in the lesser towns of the Transvaal the prevailing atmosphere was kept on a non-political level. The sentimental tension between English-speaking and Afrikaans-speaking South Africans, which the centenary had seemed to be producing, all but completely relaxed. One or two of its other by-products, however, persisted. There were young men who sought to honour the Voortrekkers by assaulting inoffensive natives; non-European sections of the community were terrorised; and in many places anti-Semitic feeling was intensified. There is evidence that Nazi agitators were not slow to make use of their opportunities in this regard.

The actual celebrations at the monument itself were on the whole very successful. They were conducted with great dignity, and in such manner as to produce the maximum inspirational effect. The prevailing spirit displayed by the vast crowd was worthy of the greatness of the occasion. The political element was for the most part kept under control.

THE VOORTREKKER CENTENARY

There were, however, one or two incidents that left an unpleasant after-taste. One arose over the question of language. Acting in accordance with the Government's desire that the celebrations should take place in a broadly national spirit, the committee invited Mr. E. W. Douglass, K.C., a highly respected South African of 1820 stock, to deliver an address in English. He was shouted down by a small section of the audience, which refused to listen to him until he spoke in Afrikaans. The committee bowed before the storm. There were no further English speeches. To that extent the conception of the occasion as of narrowly Afrikaans significance prevailed.

Then, at the end of the proceedings, the chairman, Mr. Jansen, apparently swept away by the sentiment of the moment, made an appeal for the recognition of "Die Stem van Suid-Afrika" as South Africa's one national anthem. Viewed against the background of the events of the preceding few months, the proposal was not particularly well-timed. Moreover, it was in conflict with the policy enunciated by the Government in this matter and endorsed by Parliament.* It has given rise to much resentment.

For neither of these two incidents was the Government in any way responsible. The third, however, affected it very definitely. The hill on which the monument is being erected is a spur of a plateau on which, during the Anglo-Boer war, a British military camp was established. Subsequently the cantonments, together with the rest of British military property in South Africa, were handed over as a free gift to the Union. They are now South Africa's military headquarters. From the outset they have borne the name Roberts Heights in honour of Lord Roberts. During the proceedings at the monument, General Kemp, who was acting as Minister of Defence in Mr. Pirow's absence, announced that it had been decided to rename the whole area Voortrekkerhoogte (heights). This declaration—made, it seems, without consultation with the Government

*See THE ROUND TABLE, No. 113, December 1938, p. 174.

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as a whole—has evoked a storm of criticism. Many British South Africans resent it as an entirely unjustifiable slap in the face. The Government has consequently been placed in a most difficult position. In substance, it has found itself unable either to go back on General Kemp's decision or to devise an acceptable compromise. It looks as if this aspect of the Voortrekker centenary celebrations will continue to be heard of for quite a long time.

II. POLITICAL PROSPECTS

PARLIAMENT meets on February 3. It will be the first normal legislative session of the new Parliament. Despite its great victory at the polls last year, and its large parliamentary majority, the Government appears to be facing the session not without uneasiness and apprehension.

The vacancies in the Cabinet caused by the resignations of Mr. Hofmeyr and Mr. Sturrock were filled after a considerable delay. Mr. Hofmeyr's portfolios were divided between Colonel Reitz and Mr. Fagan. Colonel W. R. Collins was brought in to relieve Colonel Reitz of his portfolio of Agriculture, and Mr. R. H. Henderson has become Minister without portfolio. The new appointments have hardly brought an accession of strength to the Cabinet, and the powerful Witwatersrand has had to content itself with a single Minister who has no portfolio. Mr. Hofmeyr and Mr. Sturrock have continued to support the United party, but there is always the possibility of their breaking away if an issue of principle presents itself.

In other respects, too, the recess has not been a happy one for the Government. There can be no doubt that as a result of the Voortrekker centenary the position of the Nationalist Opposition has been materially strengthened in the rural areas. It has certainly done its best—apparently not without success—to capitalise to its advantage the wave of sentiment set up by the celebrations. Possibly there may be a reaction now that the centenary year is over,

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but the party has no lack of political acumen, and will doubtless be able to prevent the surge from subsiding.

With its own supporters also the Government has had a great deal of difficulty. Mr. Pirow's tour of the capitals of Europe had a bad press in South Africa. The distrust in him that was engendered by the Union Day incidents had not been effaced, and certain aspects of his tour accentuated that distrust. Many democratically-minded supporters of the Government deplored his visits to the dictators, including the rebel General Franco; the fact that he went to Germany immediately after the intensification of the persecution of the Jews caused a very bad impression; and the belief that his mission was in some way connected with Germany's colonial aspirations in Africa was very persistent. Eventually, General Smuts felt himself constrained to declare that Mr. Pirow's real mission was concerned merely with South Africa's re-armament programme—all the rest was frills.

In other ways, too, the colonial question has been agitating South Africa. Certainly as far as supporters of the United party are concerned, there is a strong feeling that Germany—or at least a Germany with a mentality such as prevails to-day—must not come back to Africa. There is, however, uncertainty and suspicion regarding the attitude of some Ministers. Here, too, a reassuring statement has been made by General Smuts, but only as far as South-West Africa is concerned. South Africa, he made it clear, would resist any possibility of its surrender with all her strength. No clear statement of the Government's attitude in regard to Tanganyika has yet been made, but Mr. Malcolm MacDonald's recent declaration on the subject has to some extent allayed apprehension.

On top of all this has come the controversy over the renaming of Roberts Heights. That incident illustrates admirably the difficulty of the Government's position, in having to fight on two fronts. It draws its supporters from both Afrikaans-speaking and English-speaking South

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Africans. On the one side, the Nationalists are seeking to detach its Afrikaans-speaking members; on the other side, the Dominion party is seeking to detach its English-speaking members. For both, the chief weapons are provided by sentimental issues. In this case the issue—ironically enough raised by the Government itself—is one that cuts both ways. If the Government had gone back on the decision to rename Roberts Heights, it would have provided its Nationalist opponents with a stout stick wherewith to beat it. By adhering to that decision, it will find difficulty in allaying the resentment aroused in the minds of many of its English-speaking supporters. All that it can hope to do is to drive that resentment underground. In any case the Government's position in respect of that section has been steadily weakening. It is only the influence of General Smuts, and the support of most of the English press, that prevent a serious drift of English-speaking support.

Recent rumours of a possible *rapprochement* between the Government and the Nationalists may not be without significance. One aspect of the sentimental reaction to the Voortrekker celebrations was the emergence of a strong feeling for reunion, which really means the coming together of the Afrikaans-speaking elements in the United and Nationalist parties. General Hertzog has given one or two indications of not being entirely averse from such a project. It is clear that there have been conversations between leading members of the two parties. On the face of it, a Hertzog-Malan coalition seems to be impracticable in view of the deep rift between the two leaders, although it is doubtful if this is really any deeper than was the rift that was bridged by the Hertzog-Smuts coalition of 1933. But it is hardly likely that General Smuts will be prepared to back such a venture, and, if he is not, it seems to be to General Hertzog's advantage to continue on the present basis, at least for as long as he is assured of General Smuts' support.

MARKETING CONTROL FOR AGRICULTURE

One fact makes it improbable that anything on these lines will happen in the immediate future. Two by-elections are pending at present. It seems almost certain that they will be fought bitterly, on normal party lines, and that there can be no question of reconciliation until they have been decided. These contests will both take place in the Transvaal—the one in a rural constituency at Bethal, the other in an urban constituency, Pretoria city. The Government won both seats last May with ample majorities. It faces both contests to-day with at least a measure of apprehension. In Bethal, it fears the resurgence of sentimental nationalism, in Pretoria city the aftermath of the Roberts Heights controversy. It should be strong enough to hold both seats, but, if it fails, it may be induced to resort to expedients that are bound to have disintegrating effects on present-day party relations.

III. MARKETING CONTROL FOR AGRICULTURE

IN the permanently increased tax-burden that expansion of government services is likely to place on the community, an important contributory factor is the ever-extending powers granted to special bodies to impose taxation not under the control of the Treasury—for instance, by assessing levies upon agricultural produce coming on the home market in order to provide subsidies on the export of the remainder.

The so-called Marketing Act of 1937* actually made no direct provision for the marketing of agricultural produce. All it did was to provide means whereby binding regulations for the marketing of defined agricultural products, covering defined areas, could be set up without special parliamentary sanction. The concurrence of the Minister of Agriculture, of a regulatory board, and of a National Marketing Council of five, which has both to sit in judgment on the scheme in the first place and to control

* See THE ROUND TABLE, No. 107, June 1937, p. 672.

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the control board that administers it thereafter, is all that is required to give the force of law to any scheme for controlling or conducting the marketing of agricultural products, and to any methods which the board cares to adopt in carrying it out. Indeed it gives a scheme rather more than the force of law; for special precautions seem to have been taken to prevent appeal to the courts.

When it is first put forward, a scheme must be published in the *Government Gazette*, and objections may be submitted within the next month, though apparently it may be amended out of all recognition by the Marketing Council without similar opportunities for those concerned to make representations about the new features.

The first draft schemes to be gazetted appeared in February 1938, sponsored by the existing control boards dealing with dairy products, maize, tobacco and dried fruit. A later scheme related to wheat, while much attention has been paid to a plan for controlling the marketing of wool. As there is no existing control board for wool, however, any scheme would first have to secure the assent of a majority of wool growers, and, although extensive log-rolling and propaganda are taking place, there is yet no sign that this assent will be forthcoming.

Little general attention has been paid to the schemes for the less important commodities, but the intense and critical interest taken in the schemes for maize and dairy products came as something of a surprise, and an unwelcome surprise, to those who had put them forward. The criticism was perhaps due to the fact that public confidence in the dairy industry and maize industry control boards was conspicuously lacking, and remained so, despite two memoranda of a committee of the Cabinet which defended their past actions. Opposition to the schemes was voiced in many different quarters. A vigorous Housewives' League, which had recently been formed under energetic leadership in Johannesburg, and which is assiduously collecting information and focusing attention on problems of domestic

MARKETING CONTROL FOR AGRICULTURE

economy, spread its membership like wildfire over the Rand and expanded into other urban centres, largely under the impetus of the Department of Agriculture's marketing policy. The old-established National Council of Women uttered some common-sense remonstrances on the general principles of the draft schemes, while even the women's agricultural societies have expressed themselves as opposed to the policy of exporting essential foodstuffs at a loss, before the whole population is adequately fed, a policy followed by existing control boards and not abandoned in the new schemes. Perhaps the most vigorous opposition to the draft maize scheme came from the Poultry Farmers' Association, while dairymen have voiced the most determined opposition to those provisions of the draft dairy scheme which provide for a fixed maximum quota of milk to be allotted for liquid consumption in the towns, and compulsory pooling by suppliers.

Unexpected attention was paid to a memorandum upon the two schemes by economists of the University of Cape Town, who asserted that no indication of countervailing economies was to be found in the draft schemes, to compensate for the increased trading risks in which distributors would be involved by having all trading decisions taken out of their hands and being left free "merely to risk the loss of the capital which they have put up and the occupation in which they are employed . . . while the Control Board . . . bears no financial responsibility itself". They suggested that as a result even the farmers' interests were likely to be ill served. They focused a critical eye upon the detailed provisions of the draft schemes, making clear the hasty manner of their preparation, and even showing that the dairy products scheme was *ultra vires*. This legal ambiguity has since been removed by an amending Act, which expands the law-making and law-repealing powers of the Minister of Agriculture to a degree hitherto unheard of in South Africa, but the dairy scheme has not yet been promulgated.

Maize-farming in South Africa has already reached the

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stage at which farmers and consumers both hope for a short crop; for if the crop is large the consumer must pay more in order to subsidise a larger volume of exports, though the farmer cannot expect more than a limited extra return over and above the world price. This season, prospects of a short crop seemed to offer an opportunity for making a start with a marketing scheme under particularly favourable conditions, which would reduce the necessity of control to a minimum. A much-simplified interim scheme was hurried through, abandoning the previous ill-conceived system of compulsory export quotas, and substituting a moderate levy on all maize sold, the proceeds to be devoted to a subsidy in favour of voluntary export. Unfortunately the new crop and carry-over seem to have been somewhat larger than originally anticipated, while the depression of the world price-level for maize, caused by the bumper crops of alternative feeding stuffs—especially barley—in the northern hemisphere, has greatly increased the subsidy required to achieve what is considered a "fair" price. Maize farmers have throughout been very disappointed with the board's policy, and its recent decision, after frequent refusals, to increase the levy, subsidy and internal price of maize will do little to content them, while it has shaken the confidence of consumers in the board's ability to resist pressure from producers.

The wheat scheme, first published in June last and gazetted on October 3, is also remarkable in making provision for South Africa's joining the exporting countries, with export subsidised by the proceeds of a levy, an arrangement that must appear almost incredible to those who know the conditions of wheat production in South Africa. While one of the main objections to the dairy products scheme lay in the assumption of powers by the dairy industry control board that would place the creameries and traders entirely at the mercy of the board's whims—forcing a creamery, for instance, to buy at prices fixed by the board all the cream offered to it, and to sell its butter on

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such markets, at such prices and through such agents as the board cared to specify—the wheat scheme showed much greater solicitude for the millers. In its original form, not only did the wheat industry control board's powers of trading expressly exclude the possibility of its directly engaging in milling or competing in the sale of flour, but it was also laid down that existing mills were to be given a monopoly of the milling trade, and that the milling of the country's flour was to be allotted to them by the board "with due regard to their respective milling capacities and output". These provisions were seized upon by the watchdogs of the University of Cape Town and the National Council of Women, and even formed the subject-matter of protest from the smaller independent millers, who saw in them a move to bolster up the position of the large milling companies. In consequence, the fixed quota for individual mills has been eliminated from the final scheme.

Experience of the operation of the Marketing Act is still, therefore, very limited, but some indications of its probable lines of development have been given by the draft schemes already issued. A further clue is provided by the Government's abandonment of a decision that it reached in June, to turn the administration of the Act over from the Department of Agriculture to that of Commerce and Industries. Sufficiently vocal protests were made by various agricultural interests to ensure that this removal to a supposedly less sympathetic department was not proceeded with, a result which suggests that the aim of securing marketing economies is likely to take second place to that of securing higher prices for the farmers.

IV. THREATS TO DEMOCRACY

IN the corporative state, parliamentary institutions have been replaced by others representing definite professional and industrial interests. Corporativism very largely represents the triumph of "pressure groups" over

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parliaments that have either not resisted encroachments sufficiently, or have even lost all reason for existence by allowing themselves to become the mouthpieces of sectional interests. It is not generally recognised how far the sanctification of "pressure groups" has gone in South Africa. The latest extension of the legislative powers of the agricultural control boards is perhaps the most striking example of the abdication of parliamentary control.

There are other ways in which effective democratic government differs from totalitarian patterns. One lies in what might be termed a typically protestant attitude of freedom of individual judgment, contrasted with blind acceptance of the principle of leadership. Now despite the protestant, and indeed separatist, tendencies of the religious background, there are many forces tending to glorify the principle of leadership in South Africa. One need only think of the romantic traditions of loyalty to a leader among the Afrikaans-speaking people, handed down from the century of struggle with the Bantu and the British and with nature itself; it is only natural that qualities of leadership and loyalty should be stressed at this period of the Voortrekker centenary. But the tendency is becoming dangerously emotional when a Minister of the Crown can say, as the Minister of Native Affairs is reported to have said to a Stellenbosch audience on the evening of Mr. Hofmeyr's and Mr. Sturrock's resignations: "General Hertzog has won our confidence to such an extent that we are willing to follow his guidance unconditionally, knowing that he has intuitive understanding of what should be done in any circumstances or crises". Moreover, the Prime Minister is an old man; and, if leadership is to be preferred to individual judgment and principle, it must ere long be provided by another and younger leader, one whose claims are of a more realistic and pressing nature than the confidence felt in a veteran fighter for national liberation.

Another characteristic in which democracies differ from totalitarian régimes is the absence of partisanship and of

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party purges in administration. Here again, South Africa has recently heard some very dubious doctrine enunciated. The matter of the dismissal of an active Nationalist from unpaid membership of a farmers' assistance committee having been raised in Parliament, the Minister of Finance justified his action on the ground that "the policy of the Government, which we are carrying out, is to see that the persons who are used as machinery for carrying out the policy are sympathetic". The Minister of Lands underlined this statement with the boast that this had always been his policy, from the time when he had dismissed all scab inspectors who did not belong to the Nationalist party in 1926. He asked: "How can we expect that the policy of the Government can be carried out if we do not have people who are going to follow the policy of the Government one hundred per cent.?" The totalitarian principle could hardly have been more strongly expressed.

Asked specifically if he meant that, "other things being equal, it was the policy of the Government to appoint the supporters of the Government", he replied: "Yes, and we are always the best". Not content with this contribution to the debate, the Minister of Lands made similar statements at party meetings, and two days later, speaking on his own departmental vote, he amplified his doctrine unmistakably, in relation both to his past actions and to his future intentions.

It is clear, moreover, that principles of leadership and authority, of the totalitarian sort, had long been invoked within political parties to secure acquiescence in such a policy. Thus a Nationalist member declared that General Kemp, in referring to his record as a Nationalist Minister, "makes a great mistake in blaming the members who were at that time his followers for not having protested against it at that time. He has been a member of this House for a long time. He knows what party discipline means, and that it would not have been right for the members who were his followers to criticise him". Unfortunately there is

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little reason to believe that this account of the position is overdrawn.

At the recent congress of the South African Medical Association, the Secretary for Public Health discussed nutritional problems, and stated: "It is clear that the farming industry needs to be encouraged in every way except one in the production of the expensive protective foods, milk, eggs, meat, fruit and vegetables. The one form of encouragement which the hygienist must view with the strongest disfavour is the inducement by subsidy or otherwise to export these foods from the country". At once a member of Parliament, who is also a member of the dairy industry control board, began to clamour for disciplinary treatment of the head of our medical services. He was twice snubbed for his pains, but it is perhaps typical of our Government's utilisation of its technical experts that it was made clear, first, that this attitude of the Department of Public Health was no innovation, and, secondly, that the Department's representations would not in any way affect the Government's policy.

In the meanwhile, book censorship has of recent months been much in the news, with Rabelais, Balzac and Upton Sinclair sharing exclusion with frivolous contemporary magazines, while Professor J. B. S. Haldane's book on air raid precautions was for a time in the same company. Two leading articles critical of Mr. Chamberlain's negotiations at Berchtesgaden and Godesberg were responsible for an overnight change in the editorship of the *Cape Argus*. There are too many uncomfortable signs abroad in South Africa of a relapse from democratic ideals and liberties.

Union of South Africa,

January 1939.

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THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS
THE BRITISH COMMONWEALTH

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Palestine: A Leaf Turned

"Union Now"

Germany's Eastern Neighbours

The Future of the Indian States

The German Military Mind

British Shipping in the Orient

America Prepares

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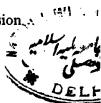
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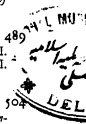
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THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS
OF THE BRITISH COMMONWEALTH

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THE GRAND ALLIANCE AGAINST AGGRESSION

I. FROM APPEASEMENT TO GRAND ALLIANCE

THE last three months have witnessed a profound change of direction in British foreign policy. For the pursuit of "appeasement" there has been substituted, with the assent of all three parties, an attempt to build up a grand alliance against aggression. And, so far as can be judged from London, the change has had the general support of the other nations of the Commonwealth. What has brought this reversal about?

There has been a widespread misinterpretation of the so-called policy of "appeasement". It was not, as many believed, a policy of trying to buy off Nazi Germany by paying "danegelt", often at the expense of others. Nor was it, as others thought, a crypto-fascism forced upon the Government by the aristocratic and capitalist classes. The policy that Mr. Chamberlain began to follow when he became Prime Minister was based fundamentally on the belief that war is not the only or the best instrument of international policy, whether it is waged in the name of collective security or otherwise. More particularly, it was based on the view that Germany had been foolishly and unreasonably treated after the war, and that there would be no foundation for lasting peace until her legitimate claims in Europe, including the right to self-determination or racial unity, had been met. It would then be possible, he thought, to sit round the table with her on equal terms and make a lasting peace, by settling colonial and economic problems in return for an all-round reduction of armaments.

This was an entirely just and sensible policy in itself.

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It ought, in fact, to have been carried into effect while the German republic still existed. What Mr. Chamberlain and a majority of people in Great Britain failed to realise, until after "Munich", was the true nature of the National Socialist power that confronted them. If they realised it, they failed to give it its due weight. National Socialism was not the "last stand of capitalism", as Marxists interpret fascism. On the contrary, it has proved itself primarily a lower-middle-class and working-class movement, able to over-ride the hostility of a capitalist and intellectual minority by the strength of its hold over the masses. Nor was it merely an attempt to secure for Germany, by temporarily organised discipline and armed strength, what impartial liberal judgment might have considered to be her rights and her fair place in the world. It was a dictatorial régime, born of the post-war repression of Germany, and obsessed by racial feeling. Having captured Germany itself and subordinated every internal activity to its will, it went on to seek power and domination at the expense of other countries, by the diplomacy of menace and breach of agreement, by the organisation of unrest within its victims, or by any other brutal means, not excluding war, that could be justified on the ground that they led to the desired end.

In the negotiations over Czechoslovakia, Mr. Chamberlain carried his policy of peace by reasonable compromise to its logical conclusion. He accepted the view that an essential condition of lasting peace was to include the Sudeten Germans within the Third Reich, thus, as Herr Hitler's own assurance gave him cause to believe, satisfying the Fuehrer's last territorial claim in Europe. At the Godesberg conference, Herr Hitler, not content with the Anglo-French terms—that is, the pacific concession of his demand for Sudetenland, provided that it was carried out gradually and under international supervision—insisted upon an immediate military occupation of a larger area. It was evidently this incident that first began to open Mr. Chamberlain's eyes. He had to decide, in that fatal

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week, whether to risk war then, or to gain time for pacific forces to work against war and for the democracies to re-organise and expand their still backward armaments. In the knowledge that the Anglo-French preparations in the air and against air attack were still quite inadequate, and that there was no way of saving Czechoslovakia from being overrun by Germany both from the Austrian back-door and from the north, the British and the French Governments agreed, on condition that Germany refrained from invading Czechoslovakia, to accept some modification of their terms. History will decide whether Mr. Chamberlain was right in this decision or not. There is much to be said on both sides, and there was certainly no unanimity in public opinion at the time, either in Great Britain or in the Dominions. The evidence goes to show that Mr. Chamberlain's policy met with thankfulness and approval among the majority of people in the British Commonwealth.

Later events, however, have rapidly convinced not only the British Cabinet but also the overwhelming mass of people in Great Britain, and apparently in the British countries overseas and in the United States, that they are no longer confronted by claims for a reasonable dispensing of justice, but for something quite different, the forcible re-partitioning of the world, leading to its domination by the fascist totalitarian philosophy. In Herr Hitler's Saarbrücken speech of October 9, when he rejected Mr. Chamberlain's plea for negotiation because the latter was Prime Minister of a democracy that might at any time change its Government, in the renewed and sadistic persecution of the Jews, and finally in the attainment of his real aims of September last by a sudden military invasion of Bohemia and Moravia, followed by their annexation and the arrest by the Gestapo of all Czech leaders of independence and character, he made his real objective clear. He expounded his new programme in his speech to the Reichstag in reply to President Roosevelt's April note. What Herr Hitler demands is no longer the unity of the German race and

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a revision of the unjust clauses of the Versailles treaty, but "*Lebensraum*". This implies territorial expansion of a kind and extent to include under the direct government of the Reich lands for settlement, and the raw materials, foodstuffs and markets needed to make Germany fully self-sufficing, this to be achieved by the annexation and subordination of other peoples; and a superiority of armed force over all her neighbours, in the name of German security, to the end that Germany shall become the unassailable overlord of Europe, and ultimately of the whole non-American world.

There is an economic aspect of this claim which is legitimate and which the democracies will have to meet in some way. To this problem we will return later. When, however, the claim is pressed as the spearhead of a military imperialism, backed by a "total" organisation for war, which seeks to overthrow both individual and national freedom, the western democracies have no option but to take up the challenge. Their reply has been, not collective security on the old League model, but something very different, a grand alliance against aggression from a particular though not openly specified quarter.

At the time of writing that grand alliance takes the form of a mutual guarantee between Poland and Great Britain, reinforcing the Franco-Polish alliance, and stipulating that if either party is attacked, and decides to resist, the other party will come to its assistance with all its strength; of a mutual undertaking between Great Britain and Turkey to lend each other all the aid and assistance in their power in the event of an act of aggression leading to war in the Mediterranean area; and of unilateral guarantees by France and Great Britain to come to the assistance of Greece and Rumania, if they are attacked and resist.* Negotiations to include Soviet Russia in the system are continuing. Those are very formidable obligations, legally binding on Great Britain alone and not on the Dominions, though they have

* For the terms of these engagements, see below, pp. 604-606.

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been entered into, if not with their consent, at least without their dissent, so far as is known. In order to bring conviction of her sincerity to her allies, and to provide in as short a time as possible the reserves necessary to maintain an expeditionary force that could reinforce France, Portugal, Iraq, or Egypt or any threatened part of the Commonwealth in time of crisis, Great Britain has thrown over her ancient tradition of voluntary military service in time of peace, and has adopted a system of conscription.

The fundamental argument for this drastic change is necessity. The plan set forth in *Mein Kampf* is that of organising an absolutely united, disciplined and highly armed Germany, able through the resolution of its diplomacy and the weight of its armed might to impose its will on all its neighbours, one by one, where necessary with the help of allies. That plan was used first to escape from the fetters of the peace treaties, through the re-introduction of conscription, the breaches of other disarmament clauses, the re-militarisation of the Rhineland, and the absorption of Austria into the Reich. It was successful largely because the neighbours of Germany were unable to unite, feeling, as they did, that fundamentally Germany had much justice on her side in these demands. A large number felt the same about the Sudetenland. But the drastic and brutal subjugation of Czechoslovakia, in direct violation of the Munich "peace", followed by parallel action by Italy in Albania, produced a vehement revulsion of feeling. The test of justice now pointed the other way. There was nothing in the peace treaties to equal in repression the treatment of the Czechs. But by then the strategic position had been gravely prejudiced. It was clear that, unless Great Britain and France could form a solid coalition of resistance to further aggression, it would grow much worse. Poland, Rumania, Jugoslavia and the rest of the small States of central Europe would be speedily overrun or coerced into subordination; Russia and the United States

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would retire into defensive isolation; and Great Britain and France would be left alone, without allies, to attempt to resist the remorseless advance, first over Europe and then over most of Asia and Africa, of the anti-Comintern Juggernaut.

So far, the building of the grand coalition has gone well. Combined with the movement of the American fleet to the Pacific, it seems to have had the effect of loosening the allegiance of Japan to the Axis group. It has also raised in Italy widespread doubts whether the Axis policy is not leading her into total subordination to German policy, while leaving her to bear the main brunt of a war. On the other hand, all coalitions are inherently unstable. They depend upon the willingness of each member to go to war for all the rest, and that willingness is apt to flag with time.

It is extremely unlikely that Herr Hitler is going to abandon his programme. He will certainly try to prove that the coalition is not as solid as it seems. Some believe that he will try conclusions with France and England in the very near future, before they are fully rearmed; for, if he could achieve a sudden victory by the violence and unexpectedness of his attack, that would be his shortest road to world power. Others believe that he will wait until the present tension has died down, and then resume his military pressure on the weakest element in the grand alliance, confident that the rest will shrink from taking action that might lead to world war in order to prevent, for instance, the incorporation in the Reich of the German city of Danzig, which is also the key to Polish independence. If he succeeds in this, he will use this local success to prove that the coalition is impotent against German power and his own diplomatic skill. If the coalition resists, as it ought, it will be taking its stand, not on the particular merits of the Danzig issue or any other, but in order to restore two principles necessary to civilised international life: that every free nation, like the Czechs, has the right to independence, and that, the overdue changes in the treaty

WHY THE LEAGUE FAILED

settlement having now been made, any further revision of the *status quo* must be carried out by free negotiation and not at the point of the sword.

II. WHY THE LEAGUE FAILED

BUT the consolidation of a coalition against aggression is clearly not enough. Before considering, however, the constructive policy that the democracies should offer as the alternative to the imperialism of the fascist Powers, let us examine briefly the reason why, despite the high hopes created by the victory of 1918 and the inauguration of the League of Nations, we find ourselves in the dire position of to-day. It is all the more important to do this because there is a tendency throughout the Commonwealth to attribute to the British Government all the responsibility for our troubles, whereas, on any dispassionate view, that responsibility must be shared by other Governments and also by the Opposition critics in Parliament themselves.

The prospects of a new and better world, based on the League of Nations, depended upon two conditions. The first was universal membership of the League, which meant the adhesion of the United States and in due course of Germany and of Russia. The second condition was three-fold: that the peace settlement should have been such as to command, in time, general acceptance; that the League should have adequate powers of treaty revision; and above all that it should be able to limit both economic nationalism and armaments. In fact, none of these conditions was realised. There was no universality, because the United States rejected the League, and by the time that Russia was ready to join it Japan, Germany and, in effect, Italy, had withdrawn, in order to try to upset the *status quo* by force. There was no real revision, because, on the lapse of the Anglo-American treaty of guarantee to France, through the withdrawal of the United States and Great Britain's delay in offering to fulfil it by herself, France fell back upon her

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original policy of attempting to keep Germany permanently weak. She exchanged Briand for Poincaré, invaded the Ruhr, organised an anti-German alliance system which dominated the League, and refused to make any concession on the fundamental territorial conditions of the treaty of Versailles, or on the clauses requiring Germany's unilateral disarmament and prohibiting the military occupation of the Rhineland, until she had been given back the joint Anglo-American security that she had been promised. This was perhaps a natural policy in the circumstances. But it was a fatal policy. It prevented the League from doing its proper work in Europe, and it became in the end the major factor in giving Hitler and National Socialism control of Germany.

Perhaps even more serious, in the long run, was the inability of the League to limit economic nationalism. The stoppage of migration, the well-nigh universal pursuit of national self-sufficiency by way of high protection, quotas, embargoes, exchange restrictions and subsidies, and the attempt to collect unmanageable war debts and reparations, were the main causes of the unemployment and the social stresses that led to the substitution of totalitarianism or militarism for liberal democracy in Italy, Japan and Germany and in other smaller countries.

The failure of the League to realise the three conditions mentioned above was not due principally to the defects of individual statesmen: it was the inexorable consequence of the decision, inevitable no doubt in 1919, that the post-war world should be organised as a system of co-operation between sovereign States.

A further and even more formidable consequence was the growth of a movement, gathering strength as war-weariness died away and the difficulty of obtaining treaty revision by peaceful means became clearer, to alter the settlement by force. The militarist and dictatorial parties that came to power in the wake of this movement rapidly began to win local successes, in the Far East, in Abyssinia, in Europe. They were able to do so mainly because of two

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fundamental mistakes made by the English-speaking peoples in their post-war policies. Although it had taken the combined resources of France, the British Commonwealth and the United States, not to mention smaller countries, to defeat Imperial Germany and her allies, and although, as is now clear, if the League was to function and the liberal principles of the post-war settlement were to be protected, an irresistible coalition should have been maintained at the heart of the League, the three victorious democratic great Powers fell apart immediately the war was over. Secondly, Great Britain and the United States, trusting to their apparent geographical immunity, not only withheld their guarantee to France, but also adopted the convenient view that disarmament was the road to peace.

This was, in practice, a fatal policy in a world in which all nations still retained their sovereignty, and in which there was no general acquiescence in the *status quo*. Until federation abolishes sovereignty and creates a true world government amenable to public opinion, the nations will continue to live in anarchy, whatever their contractual obligations may be; and under conditions of anarchy it is power and not public opinion that counts. For sovereign States, when their rights are denied or their interests diverge, and they fail to settle the dispute by arbitration, diplomacy or conference, find that their only remedy is an appeal to force. Even when Japan, Italy and Germany, dissatisfied with the *status quo* and determined to alter it by the show of superior military power, had begun to discipline their people and to rearm, the British Commonwealth and the United States still clung to the ideal of disarmament. The fundamental, though not the only, explanation of the tragic history of the last eight years is to be found in the failure of the English-speaking democracies to realise that they could prevent aggression only by unity and by being strongly armed enough to resist it wherever it was attempted. For this the Oppositions have been at least as responsible as the Governments.

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The story begins with Manchuria. By 1931, the military party in Japan had made up its mind that the only way either to relieve internal economic tensions in Japan or to secure her political future as a great Power was to expand in China. They began that expansion by the annexation of Manchuria. It is widely believed that, if only Sir John Simon had supported Mr. Stimson instantly and vigorously, the first breach in the post-war treaty system would have been prevented and all subsequent disintegration avoided. Sir John Simon's diplomacy may indeed have been slow and unsympathetic. But the interpretation does not take into account the underlying realities. The Far East and the Pacific were governed, at that time, by the Washington treaties, which contained, in substance, two provisions. The first was that the nine signatory Powers would respect the integrity and independence of China, which included Manchuria. The second was that the three main naval Powers, Great Britain, the United States and Japan would end the possibility of war between them by agreeing to a naval ratio of 5 : 5 : 3 for the three navies and to the non-fortification of any naval harbours in the vast ocean triangle bounded by Hawaii, the mainland of Japan and Singapore. This last provision gave the United States command of the eastern Pacific, Great Britain that of the southern Pacific and the seas around the Dutch islands, and Japan that of the China seas and the western Pacific.

The Washington treaties, admirable as they were from the liberal point of view, gave the Japanese power-politician his opportunity. The power-politician feels free to embark upon a policy of might when he is convinced that no superior force, military or economic, will be brought against him. In the absence of such superior force, no appeals to the moral judgment of mankind have the slightest effect. In no instance since the war has the militarist been deterred by moral condemnation, neither in China, nor in Abyssinia, nor in Spain, nor in

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central Europe. The only way, therefore, in which Japan could have been checked in Manchuria would have been for the League Powers and the United States to impose decisive economic sanctions. Such a policy was never proposed either by the United States or by Great Britain. But that is only half the problem. Collective economic sanctions, to be effective, require collective action in dealing with retaliation. Over Manchuria as over the invasion of China in 1937, effective economic sanctions would almost certainly have led to retaliation by Japan—in the shape, no doubt, of an attempt to seize vital supplies of oil and rubber from the tropical territories to the south—unless she had been opposed by superior naval power. In 1931, the naval base of Singapore was not built, and Russia was not in the League; and in 1937, while Russia was a member of the League and the Singapore base was nearly complete, the British navy was so deeply engaged in the Mediterranean and the North Sea that Great Britain would have found it very difficult to maintain at Singapore a force superior to the force that Japan could deploy against her. Any collective policy against aggression in the Pacific therefore depended then, as it depends now, on whether the supreme navy in the Pacific, the American navy, is or is not "in the game". And no promise to use the American navy in joint resistance to retaliation against any collective sanctions was forthcoming, either in 1931 or in 1937.

The Far Eastern case illustrates the essence of the whole problem of the last nine years. In the game of power politics as played by the totalitarian States, what counts in any crisis is not the moral justification for one's cause, though that may have profound effects in the long run, but the armed power that can be brought to bear at the particular spot involved. If the British Government, like the French and other Governments, have been irresolute in their diplomacy, a main cause of that irresolution has been the knowledge that the opposing Powers were as a rule stronger than the democracies at the particular point

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menaced, and that the democracies were extremely loath to use war or the threat of war as an instrument of their policy. The weakness of the Opposition in Great Britain has been that, while the policy that it has advocated has often been theoretically right, it has demanded bricks without straw, because until comparatively late in the day it resisted rearmament, without which its policy would have led to disaster, just as it has recently resisted conscription. Neither Government nor Opposition can therefore escape responsibility for the present situation, and it would conduce to national unity if both sides would admit that the other side had not been solely to blame. And much the same may be said of the British Commonwealth overseas. The most passionate critics of United Kingdom policy in the Dominions, and those who have demanded most loudly the taking of vigorous action, have seldom urged their own countries to prepare for, or to pledge themselves to take an active part in, the armed struggle to which the adoption of their policy might lead.

In all the subsequent crises through which we have degenerated into our present position, the same issue can be seen. Except over Abyssinia, where the decisive factor was the determination of France, after Herr Hitler's re-introduction of conscription, not to break the Stresa front and thus to drive Italy into Germany's arms, the problem was always the reluctance of the democracies to threaten or use war as the instrument of their policy, combined with their military unpreparedness. This difficulty of adjusting their external policy to the means that they possess to enforce it is almost inherent in democracy. Within a democratic State, the question of adjusting policy to power never arises. Party warfare, by wordy controversy, seeks to collect a majority of votes at the next general election, after which the control of the overwhelming legislative and police power of the state automatically passes, without bloodshed, into the hands of the victorious party. But in international affairs recriminatory propaganda does not

ALLIANCE IS NOT ENOUGH

persuade other nations. In so far as it reaches them at all, it only infuriates them. There is no general election at which the issues can be settled and power transferred by majority vote. Where agreement by conference or diplomacy proves impossible, only an appeal to power politics or war remains, and the decisive question is which party can mobilise superior armed force at the point of crisis or in the world as a whole.

At long last these realities seem to have been grasped by all parties in Great Britain. The Government have realised that appeasement by reasonable compromise will not suffice unless they can make clear that they can and will resist attempts to impose decisions by force. The Opposition are realising that phrases and a fine moral policy will not suffice unless they are willing to make the sacrifices necessary to produce superiority in armed power at the point where the crisis arises. And both now realise that collective security, in the old League sense of the term, disappeared as soon as the great Powers began to rearm, because the small nations, who can produce little armed strength, were thus inevitably driven back to neutrality; and that, once the totalitarian militarist Powers set out to alter the *status quo* by force, the only answer was the grand military alliance, which it was one of the main objects of the League to prevent.

III. ALLIANCE IS NOT ENOUGH

THE organisation of resistance to aggression is not, however, a sufficient policy either for the democracies or for the British Commonwealth, even though it be the most urgent task immediately before them. If they are to succeed in resisting totalitarian aggression, and still more if they are to avoid the world war towards which, in the end, the reappearance of two great military alliances logically leads, they must be able to put forward a constructive programme. Not only must the programme command

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unity and enthusiasm among themselves; it must also offer a better future to the peoples of the totalitarian States than that which subservience to the present policy of their leaders promises. That programme, in addition to standing for the liberty of the individual as against the secret state police, and for the autonomy of all nations, must also contain two other fundamental elements. The first is reasonable economic liberty and equality both for individuals and for nations. The second is some form of world organisation that will assure security for these conditions and lasting peace.

These two objectives are in fact inseparable. The most formidable pressures towards imperialism and expansionism in the last fifteen years have been economic. Japan says that she has entered China because in no other way could the inhabitants of her own islands live. Italy, deprived of the relief of emigration to the New World and of access to markets, justified her conquest of Abyssinia on the same grounds. Hitler now points to the map and demands *Lebensraum*—living space—for the German people. Germany, he says, must eat or die. On no other excuse could the dictatorships persuade their peoples to submit both to rigid discipline at home and to the risks of war abroad. It would be relatively easy to adjust the administrative frontiers between racial States, were it not that the political frontiers are also the barriers to emigration and economic intercourse. If, under a universal régime of free trade and national self-government, the resources and markets of the whole world were open to everybody, there would be no justification for imperialism, and the main present ground for international outrage would disappear. Because all nations to-day try to keep their markets to themselves, forbid immigration, and bar international trade by tariffs, quotas, exchange controls and subsidies, those who study maps contrast the apparently vast extent of the French and British empires, or the thinly populated United States or British Dominions, with the crowded territorial areas of

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Germany or Japan, and proceed to demand territorial revision on the grounds of equality and justice. Yet her empire has not solved her economic problem for Great Britain. Partly because she has encouraged self-government, with the result that each constituent State has its own economic policy, and partly because the big international trade of the world is always between the developed industrial States and not with colonies at all, and this trade has been restricted by economic nationalism, she still has a vast army of unemployed.

If there is not to be a world war for the redistribution of natural resources by territorial changes—a war that would solve nothing because it would not strike at the root of the problem—it is essential that the democracies should face the issues involved. This requires both a short-distance and a long-distance policy. An immediate step was advocated by President Roosevelt in his letter to Herr Hitler and Signor Mussolini proposing an international conference to deal with these economic problems, and with disarmament, provided there was agreement on a ten years' truce from war. That proposal should be kept in the forefront of diplomatic discussion, though it is unlikely to be effective unless and until the democracies and their allies can convince the dictatorships that an attempt to re-draw the map by power politics or war cannot succeed.

But any permanent solution of this economic problem, as of the problem of peace and of national and individual liberty, depends upon whether the nations can deal in some way with the national sovereignty that has destroyed the League and the hopes with which the war of 1914-18 ended. It is now quite clear that the nations cannot secure peace, liberty or prosperity, either by isolationism or by neutrality, or by any League or contractual system that leaves the sovereignty of its members intact. Indeed the anarchy of sovereignty lies at the bottom of the totalitarian attempt to create peace and order in Europe and perhaps elsewhere in the world by imperialism, that is, by the domination of

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certain armed races over the rest, at the price of the loss both of individual and of national freedom. That attempt cannot in the end succeed. The forces of liberty are too well organised and too strong, though immense loss and damage may be inflicted on the world before that issue is decided. But in the long run, if the world is not to be doomed to recurrent war to save national liberty from being destroyed by imperialism, there must be a new system of international organisation, stronger than the League. It must be strong enough to prevent rearmament and war. It must be empowered to restrain economic nationalism and prevent the undue restriction of emigration. The price of this is that the nations should be willing to surrender some of the unlimited sovereignty that they now possess. Then, and then only, will mankind have begun to lay the constitutional foundations on which alone a true world civilisation can be built, giving peace, national and individual liberty, and prosperity to all.*

* For a further discussion of this issue, see the article below on "*Union Now*."



PALESTINE : A LEAF TURNED

I. THE LONDON MEETINGS

THE London Conference on Palestine failed conspicuously in its prime object of reaching an agreed settlement. No blame for that can be said to attach to Mr. Malcolm MacDonald, the Colonial Secretary, who devoted himself to the task of mediation with untiring patience and persistence. In the strict sense of the word there was no conference at all, but rather two series of parallel conversations with the British Government; for on no occasion did the Palestinian Arabs meet or confer with the Jewish representatives. This refusal to recognise the *locus standi* of the Jewish Agency for Palestine, the "appropriate Jewish agency" set up by article IV of the mandate, may be taken as a measure of Arab intransigence.

The Arab delegation included five members of the former Higher Arab Committee, who expressed the views of their absent leader, the Mufti, and two representatives of the Arab Defence (or Nashashibi) party. The latter group are rivals of the Mufti's clan, the Husseini, but differ from them only over the employment of terrorism. In addition, the British Government invited representatives of the neighbouring States, Egypt, Iraq, Saudi Arabia, the Yemen and Trans-Jordan. Thirdly, there was the Jewish delegation, consisting of Dr. Chaim Weizmann and four other members of the Agency, together with certain members of the Jewish Conference Committee, an advisory body representative of world Jewry.

It will be well to consider the points of view of each of the participating delegations as expressed during the opening sessions; for none of them subsequently deviated in

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any important particular from its initial position. The Palestinian Arabs demanded political independence and the immediate cessation of Jewish immigration, offering safeguards to the existing Jewish minority and an alliance with Great Britain on lines similar to the Egyptian and 'Iraqi treaties. They were demanding, they insisted, nothing more than their bare rights, which had been explicitly recognised in British pledges given during the war of 1914-18 in return for support against the Turks. Palestine, they claimed, was an Arab country, having as clear a right to independence as her autonomous neighbours; and, that being so, the determination of the Arab population to prevent further Jewish penetration was in law and equity irresistible. No peaceful settlement was possible which failed to recognise and accept that exercise of a national will. The contention of the representatives from the neighbouring States differed from this only as regards the implications of the Arab case. To their Palestinian colleagues they counselled moderation in method of presentation: to the British they laid more stress upon the importance of a contented Palestine to British imperial interests in the Moslem world.

If the Arabs claimed that they had right on their side, so too did the Jews, and with equally passionate conviction. By the Balfour Declaration, they said, the British Government had solemnly bound itself to promote a Jewish National Home in Palestine, and that promise had been explicitly recognised and confirmed by fifty-two member-nations of the League in drafting the terms of the mandate. The Jews had faithfully carried out their side of the bargain by supporting the Allied cause in all parts of the world. They did not now ask for an eventual majority in Palestine as a whole: indeed, they had steadily circumscribed their aims for the sake of relieving the embarrassment of the mandatory Power, until finally they had accepted (though with great reluctance) the partition scheme, which would have restricted Jewish settlement to a small corner of the

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country. They were prepared to give fair and serious consideration to any proposals, provided that they did not contravene two conditions: the maintenance of parity status, and non-crystallisation of the existing position respecting land settlement. As to the contention that the Jews were in Palestine on sufferance and not as of right, because Palestine had, in fact, been included among the Arab territories for which independence had been promised, the relevant documents (the Jewish delegates asserted) would not bear any such interpretation.

The Jews were on the defensive, but they clung grimly to what they felt to be the essential *minima*, that is to say, a guaranteed security in Palestine (other than mere Arab promises) and continued opportunity, under almost any form of restriction, to plant Jewish immigrants on the land in so far as economic conditions could be shown to justify it. In other words, let everything possible be done to satisfy Arab aspirations, but Zionism—however limited the sphere—must go on. And that, of course, was precisely where the Arabs returned an adamantine "No".

II. PLEDGES AND THEIR MEANING

IN searching for a basis upon which to build a settlement acceptable to all parties, the British Government found themselves confronted by the circumstance that Arabs and Jews based their claims of right upon directly opposing interpretations of certain historical documents. The famous correspondence between Sir Henry McMahon, High Commissioner at Cairo, and the Sherif Hussein of Mecca, in 1915 and 1916, was accordingly published in full as a White Paper, and this was followed by another which included the message of Commander Hogarth to Hussein in January 1918, and the declaration of the High Commissioner to the seven Arab leaders in Cairo in June of that year.* A British committee, with the Lord Chancellor as

* Extracts from these documents are printed below, pp. 470-475.

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chairman, scrutinised these and other relevant documents in collaboration with certain of the Arab delegates. The official British interpretation decisively negatived the Arab contention that Palestine was among the territories to which independence had been promised. Taken by itself, that denial would validate the opposite contention that Palestine was a country where there was no bar to the establishment of a Jewish State. But the committee's report did not stop there: it went on to examine the other relevant declarations and promises, and arrived at this equally important conclusion: "it is evident from these statements that His Majesty's Government were not free to dispose of Palestine without regard for the wishes and interests of the inhabitants of Palestine." The following pledge had indeed been given in the "Declaration to the Seven":

It is the wish and desire of His Majesty's Government that the future government of these regions * should be based upon the principle of the consent of the governed, and this policy has and will continue to have the support of His Majesty's Government.

In the opinion, therefore, of the British Government they are not bound by pledges to grant independence to the Palestinian Arabs, they are bound by the Balfour Declaration to promote a National Home for the Jews, and they are further bound not to dispose of Palestine in opposition to the wishes of the inhabitants.

What *were* the wishes of the inhabitants? They were inarticulate at the time, but the views of their leaders seem clear enough. Commander Hogarth, commenting on his conversation with King Hussein in January 1918, wrote:

The king would not accept an independent Jew State in Palestine, nor was I instructed to warn him that such a State was contemplated by Great Britain. He probably knows little or nothing of the actual or possible economy of Palestine and his ready assent to Jewish settlement there is not worth very much. But

* I.e. "Areas formerly under Ottoman dominion, occupied by the Allied forces during the present war."

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I think he appreciates the financial advantage of Arab co-operation with the Jews.

There is evidence that the Emir Feisal and other Arab leaders also gave their assent and approval to the project of a Jewish National Home. The very fact that they did so seems to show beyond doubt that they assumed the compatibility of the project with the general pledge of Arab self-government—the sole *raison d'être* of the Arab Revolt. The establishment of a colony of wealthy and enterprising fellow-Semites in Palestine would seem as desirable as did the immigration of Flemish weavers into England in the days of Edward III. How could these Arabs foresee that the undying passion for the rebuilding of Zion would loose the purse-strings of Jews throughout the world and inspire the settlers with such heroism that the desert literally blossomed as the rose? Zionism, in fact, has been almost too successful to succeed.

The “wishes of the inhabitants”, then, may be summarised as an initial welcome, given under a misapprehension, a welcome which has now been withdrawn as the result of experience, and which no arguments of economic advantage will induce them to restore. In their eyes, Zionism, from being a useful aid, has become a menace to their national existence, and therefore no longer compatible with Arab self-determination.

And what of the British Government? According to Mr. Lloyd George's evidence before the Peel Commission, the possibility of a Jewish commonwealth in which the Arab population would be in a minority was in fact contemplated. To that, the only honourable answer is that our pledges to the Arabs were never consistent with a Jewish majority in Palestine as a whole, and no valid promise implying this could ever have been given. The Balfour Declaration holds good—it must: but only in so far as it does not obstruct the evolution of Arab self-government. Many Jews would accept that proposition to-day, subject to certain conditions.

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The problem confronting the Government is how to render a Jewish National Home compatible with the equally valid aspirations of the Arabs. It is far more difficult now than it was at the outset, for the Arabs are afraid, furiously afraid; and the Zionists, who had hoped to master the country and so to be masters of their own destiny in at least one corner of the world (and that the most sacred), find themselves in danger of sinking into an unprotected minority, living on sufferance and subject to the caprice of their hosts—a return, in short, to their immemorial captivity. Rather than submit, many Palestinian Jews would fight, forlorn though their cause would be. The prospect of British troops in action against a Jewish community of refugees is not pleasant to contemplate. On the other hand, expediency no less than honour demands that our pledge to the Arabs shall be no longer delayed in its execution. The Zionists counted on winning security by means of predominance. How is that security, to which they have an unquenchable right, to be assured to them as a minority? That is the immediate problem.

III. PAST EFFORTS AT SOLUTION

IN order to test by these vital requirements the British Government's latest proposals for Palestine, it will be well to consider briefly the solutions previously suggested. They may be described as the Shaw plan, the partition scheme and the Woodhead compromise. In 1930, in consequence of growing unrest in Palestine, the Shaw Commission were sent out, and in due course made a report. Its terms implied such far-reaching changes in policy that Sir John Hope Simpson was hastily despatched to re-examine the situation. His report, however, substantially endorsed that of the Commission. Thereupon Lord Passfield embodied their recommendations in a White Paper which aroused a storm of protest. He proposed to establish autonomy in Palestine in successive stages, and

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to impose drastic restrictions upon Jewish immigration and land purchase, in order to check the serious increase of landless Arabs. Naturally, the Zionists were alarmed: the ground was slipping from beneath their feet. Pressure was accordingly brought to bear upon the Government, with the result that Mr. Ramsay MacDonald, in his famous letter of 1931 to Dr. Weizmann, capitulated. The first serious attempt to reduce the implications of the Balfour Declaration to terms compatible with our pledges to the Arabs had failed. Meanwhile, the situation in Palestine itself grew progressively worse.

Then came the Royal Commission, headed by Lord Peel. Their report is the most brilliant and balanced exposition of the problem that has ever been written. They frankly recognised that in Palestine there was a conflict of right *versus* right; that being so, the proper answer to the question whether it was to be the Jews or the Arabs who should dominate Palestine was "Neither". Searching for means wherewith to translate that principle into action, they hit upon the valuable device of territorial limitation. Let the country be partitioned into two independent areas, one Jewish and the other Arab. In the former the Zionists would be free to convert their ancient dream into reality, importing as many Jews as they found themselves able to absorb. Similarly, in the latter, the Arabs would be masters of their own destiny, free at last from any fear of Jewish encroachment. Thirdly, the sacred sites in and about Jerusalem would be withheld from the control of either and retained under an international mandate. The principle of territorial limitation was indubitably sound, and it is not too much to say that no future plan which ignores it has any chance of success. But unfortunately the population pattern of the country does not correspond to two racial *blocs*, however the boundaries may be drawn. Recognising this, the Peel Commission recommended the compulsory transference of population. The British Government, on receiving the report, accepted the principle

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of partition, but rejected compulsory removal. In so doing, they virtually killed the partition plan.

The Woodhead Commission thus went out to Palestine to make the best of a scheme already rendered moribund. The boundary plan tentatively suggested by the Peel Commission was examined and rejected, chiefly because the proposed Jewish State would have included 295,000 Arabs as against 305,000 Jews, while within the Arab State there would be only 7,200 Jews and 485,200 Arabs. A forced transplantation was ruled out, and an effective adjustment by means of voluntary exchange was for obvious numerical reasons impossible. The commissioners then turned to a variant of the Peel Commission's scheme, which they called "Plan B". This would have excluded Galilee from the Jewish State, the land and population in that area being overwhelmingly Arab. But what was to be done with Galilee? If it remained under Arab control, it would constitute, from its position, a permanent military menace to the Jews. If, on the other hand, it remained under mandatory control, the Galilee Arabs would be denied their independence "in order to ensure the security of the Jewish State". Plan B was accordingly rejected.

The Commission then discussed a partition scheme of their own, under which there would be a northern mandated territory (an enlarged Galilee), a Jewish State along the coast, an Arab State in the centre, a mandated enclave about Jerusalem, and a southern mandated territory comprising the Negeb. It is clear that the Woodhead Commission regarded their plan with serious misgiving. The Galilee problem had not been solved, and grave objections relating to defence, financial administration and labour problems were frankly admitted. Finally, in desperation they went beyond their terms of reference and proposed a customs union for the five suggested zones, directed by the mandatory Power, a service that might possibly be extended to include railways, posts and telegraphs. They thus proposed an important curtailment of political independence.

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Although their terms of reference have been criticised by advocates of the Peel Commission's scheme of partition, the Woodhead Commission manifestly gave the most patient attention, not only to problems of defence, but also to statistics of population, industry, soil productivity and hydrographic surveys; and found that in sum they pointed irresistibly to the impracticability of carving the country into politically independent parts. Palestine is industrially and strategically one unit. Moreover, the fact remains that the mere mention of the word "partition" provokes so violent a reaction in the mind of the Arab that its attempted application would undoubtedly cause immediate civil war within the Jewish State.

Yet this is not to say that the idea of territorial limitation is wrong in principle or inapplicable in practice. The report of the Peel Commission has been unjustly depreciated. It made an invaluable contribution to a permanent settlement by pointing out that Jews and Arabs must be sorted out from each other, in order that each party should be able to live its own life in its own way. But complete political separation goes too far, because it ignores the fact that the two race groups are economically and strategically interlocked. What is required to fit the circumstances is political segregation combined with association for common purposes—which is another way of describing federalism. An independent Palestinian federation alone satisfies the crucial tests. It provides for a Jewish National Home on a territorial basis without arousing the fear (and therefore the hostility) of the Arabs. It implements the general pledge of independence given to the Arabs, which ought no longer to be denied them. And—what is perhaps most important of all—it meets the needs of a complex social and economic situation, under which an Arab population, which is multiplying at a phenomenal rate, will be in increasingly urgent need of more cultivable land, better methods of agriculture, and wider fields of employment, which Jewish enterprise and

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capital can provide. But before the latter can so provide, and before the Arabs will consent to receive, there must be mutual trust and confidence, which can only grow out of a sense of security on the part of each. Political separation would achieve a certain degree of security: but only a federal solution can combine security with co-operation—without which the country will eventually face destitution and anarchy.

IV. THE BRITISH GOVERNMENT'S PLAN

IT remains to be considered how far, if at all, the British Government have moved towards a federal solution. On February 27 last, when the London Conference was in complete deadlock, the Colonial Secretary produced a tentative outline plan. This document apparently envisaged the emergence of a sovereign independent Palestine after a period of transition, during which Arabs and Jews would be associated in the administration. If this were accepted as a basis, questions concerning immigration, land sales and the safeguarding of minorities would be settled at a subsequent conference. The Arabs' reception was lukewarm: that of the Jews was immediate and downright rejection. The former disliked the period of probation, and more particularly the ambiguity concerning future Jewish immigration and land purchase, while the latter asserted accurately enough that their essential *minima*, parity status and non-crystallisation of the present position of the National Home, had been entirely ignored.

On March 16 the Government made a final effort to reach an agreed settlement by producing a new and detailed scheme. In general shape, this seems to have been not unlike the definitive plan eventually published on May 17,* after further consultations had taken place in London, Jerusalem and Cairo. After analysing the terms of the mandate—and incidentally repudiating once and for all any intention of making Palestine a Jewish State—the British

* Cmd. 6019.

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Government declare in the new White Paper that in order best to fulfil those terms they aim at the establishment within ten years of an independent Palestine State, in which Arabs and Jews will share in the government in such a way as to ensure that the essential interests of each community are safeguarded. This consummation will be preceded by a transitional period during which, while the British Government will retain responsibility for the government of the country, the people of Palestine, both Jews and Arabs, will be given an increasing part in it. Certain departments, and eventually all, will be placed in charge of Palestinians, with British advisers. Consideration will then be given to the question of converting the Executive Council into a Council of Ministers. No proposals are made at this stage for the establishment of an elective legislature, though this would be "an appropriate constitutional development". At the end of five years from the restoration of peace and order, a convention representative of the people of Palestine and of His Majesty's Government will consider how the transitional arrangements have worked and how the independent Palestine State may be constituted. During the transitional period, steps will also be taken to increase the powers and responsibilities of municipal corporations and local councils.

With regard to immigration, Jewish hopes have received a heavy blow. If, runs the White Paper, immigration is continued up to the economic absorptive capacity of the country, regardless of all other considerations, a fatal enmity between the two peoples will be perpetuated, and the situation in Palestine may become a permanent source of friction among the peoples of the Near and Middle East. His Majesty's Government have therefore decided that the time has come to adopt in principle the policy of permitting expansion of the National Home by immigration only if the Arabs are prepared to acquiesce in it. They do not propose that immigration should be stopped forthwith, but that, if economic capacity permits, some

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75,000 Jews shall be admitted over the next five years, a figure that would bring the Jewish population up to approximately one-third of the total population of the country. Thereafter, His Majesty's Government do not believe it will be their duty to facilitate further Jewish immigration regardless of Arab wishes. In certain areas, continues the White Paper, there is now no room for further transfers of Arab land, while in some other areas such transfers must be restricted if Arab cultivators are to maintain their existing standard of life and a considerable landless Arab population is not soon to be created. The High Commissioner, therefore, has been given for the transitional period general powers to prohibit and regulate transfers of land.

In this provision, and in the promise to increase the powers and responsibilities of local authorities, lie the only hints that some form of federalism may emerge from this plan, as the way in which the essential interests of each community shall be safeguarded in the independent Palestine State. Save for those hints, the Government would seem to have turned their backs, not only on partition, but indeed on any form of territorial demarcation. This would mean, bluntly, the certain ending of Jewish immigration after five years, the crystallisation of the National Home, and the condemnation of the Jews in Palestine to the status of a mere minority, possessing no self-governing institutions of its own of any real importance. It may not be too late to graft upon the Government's plan a federal scheme in which the control of land sales and immigration would eventually pass to elective provincial governments. The boundaries of the provinces might correspond, generally, with the several areas of unrestricted, restricted and prohibited land transfer now contemplated, indicating respectively a future Jewish province, a future mixed province in the north (and possibly another south of Beersheba in the Negeb), and a future wholly Arab province.

The Jews would thus enjoy the advantages of partition

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without having to defend an indefensible frontier and without impairing the economic unity of the country. They would be free to go on building the National Home: if they allowed too much or too rapid immigration, they themselves would be the first to suffer. Similarly, the Arab province could continue an absolute ban on land sales and immigration. The northern "mixed" province, inhabited by both Jews and Arabs, might be retained for some time as a federal territory, governed directly from the centre. Land sales should probably be prohibited there; for what is available will be badly needed for the rapidly growing Arab population of Galilee. The Jews, however, are contemplating extensive reclamation work in that area and are prepared to set aside a reasonable proportion of all land reclaimed for Arab settlement. After a period of such experience it is difficult to believe that the Arabs there would refuse to join the Jews in working a provincial administration. Finally, there is the desert region in the extreme south known as the Negeb, which is empty save for a few bands of roving Bedouin. The prospects of agricultural development are slight. Out of sixteen wells which have been sunk, only one has revealed usable water. But the Jews are ready to try their fortune. Should they succeed in creating something out of virtually nothing, their enjoyment of it would hurt no one. This area, too, might be governed as a federal territory for a given period or until a certain minimum of population had accumulated.

But that is not the whole story. A complex situation has been further bedevilled by the most extensive *pogrom* that Europe has yet witnessed. Zionism became a menace to peace and roused the Palestinian Arabs to desperate resistance chiefly because, under pressure of an extreme emergency, the Zionist leaders tried to convert a National Home into an international reservoir for fugitive Jewry. If the flow of Jewish immigration into Palestine is to be reduced to a trickle, as seems inevitable, surely sound policy no less than humanity demands that the migratory

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time is short, to asking the Government of Great Britain, if it should think fit, for the approval, through her deputy or representative, of the following fundamental propositions, leaving out all things considered secondary in comparison with these, so that it may prepare all means necessary for attaining this noble purpose, until such time as it finds occasion for making the actual negotiations :—

Firstly.—England to acknowledge the independence of the Arab countries, bounded on the north by Mersina and Adana up to the 37° of latitude, on which degree fall Birijik, Urfa, Mardin, Midiat, Jezirat (Ibn 'Umar), Amadia, up to the border of Persia; on the east by the borders of Persia up to the Gulf of Basra; on the south by the Indian Ocean, with the exception of the position of Aden to remain as it is; on the west by the Red Sea, the Mediterranean Sea up to Mersina. England to approve of the proclamation of an Arab Khalifate of Islam. . . .

No. 2. *From Sir H. McMahon to the Sherif of Mecca.*

August 30, 1915.

WE have the honour to thank you for your frank expressions of the sincerity of your feeling towards England. We rejoice, moreover, that your Highness and your people are of one opinion—that Arab interests are English interests and English Arab. . . . With regard to the questions of limits and boundaries, it would appear to be premature to consume our time in discussing such details in the heat of war, and while, in many portions of them, the Turk is up to now in effective occupation. . . .

No. 3. *From the Sherif of Mecca to Sir H. McMahon.*

September 9, 1915.

. . . As the limits and boundaries demanded are not those of one person whom we should satisfy and with whom we should discuss them after the war is over, but our peoples have seen that the life of their new proposal is bound at least by these limits and their word is united on this :

Therefore, they have found it necessary first to discuss this point with the Power in whom they now have their confidence and trust as a final appeal, viz., the illustrious British Empire. . . .

No. 4. *From Sir H. McMahon to the Sherif of Mecca.*

October 24, 1915.

. . . I HAVE realised, however, from your last letter that you regard this question as one of vital and urgent importance. I have, therefore, lost no time in informing the Government of Great Britain of the contents of your letter, and it is with great pleasure that I communicate to you on their behalf the following statement, which I am confident you will receive with satisfaction :—

The two districts of Mersina and Alexandretta and portions of Syria lying to the west of the districts of Damascus, Homs, Hama

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and Aleppo cannot be said to be purely Arab, and should be excluded from the limits demanded.

With the above modification, and without prejudice to our existing treaties with Arab chiefs, we accept those limits.

As for those regions lying within those frontiers wherein Great Britain is free to act without detriment to the interests of her ally, France, I am empowered in the name of the Government of Great Britain to give the following assurances and make the following reply to your letter:—

(1) Subject to the above modifications, Great Britain is prepared to recognise and support the independence of the Arabs in all the regions within the limits demanded by the Sherif of Mecca.

(2) Great Britain will guarantee the Holy Places against all external aggression and will recognise their inviolability.

(3) When the situation admits, Great Britain will give to the Arabs her advice and will assist them to establish what may appear to be the most suitable forms of government in those various territories.

(4) On the other hand, it is understood that the Arabs have decided to accept the advice and guidance of Great Britain only, and to submit to such administrative arrangements as may be required for the maintenance of a system of administration will be British.

(5) With regard to the *vilayets* of Bagdad and Basra, the Arabs will recognise that the exclusive rights and interests of Great Britain necessitate special administrative arrangements in order to secure these territories from foreign aggression, to promote the welfare of the local populations and to safeguard our mutual economic interests. . . .

No. 5. *From the Sherif of Mecca to Sir H. McMahon.*

November 5, 1915.

I. In order to facilitate an agreement . . . we renounce our claims to the districts of Mersina and Adana in the Arab Kingdom. But the *vilayets* of Aleppo and Beirut and their sea-coasts are purely Arab lands, and there is no difference between a Moslem and a Christian Arab: they are both descendants of one forefather. . . .

No. 6. *From Sir H. McMahon to the Sherif of Mecca.*

December 14, 1915.

I AM gratified to observe that you agree to the exclusion of the districts of Mersina and Adana from boundaries of the Arab territories. . . . With regard to the *vilayets* of Aleppo and Beirut, the Government of Great Britain have fully understood and taken careful note of your observations, but, as the interests of our ally, France, are involved in them both, the question will require careful consideration

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and a further communication on the subject will be addressed to you in due course.

No. 7. *From the Sherif of Mecca to Sir H. McMahon.*

January 1, 1916.

As regards the northern parts and their coasts, we have already stated in our previous letter what were the utmost possible modifications, and all this was only done so to fulfil those aspirations whose attainment is desired by the will of the Blessed and Supreme God. It is this same feeling and desire which impelled us to avoid what may possibly injure the alliance of Great Britain and France and the agreement made between them during the present wars and calamities; yet we find it our duty that the eminent minister should be sure that, at the first opportunity after this war is finished, we shall ask you (what we avert our eyes from to-day) for what we now leave to France in Beirut and its coasts. . . . It is impossible to allow any derogation that gives France, or any other Power, a span of land in those regions.

II. EXTRACT FROM THE REPORT (DATED MARCH 16, 1939) OF A COMMITTEE SET UP TO CONSIDER THE ABOVE CORRESPONDENCE. Cmd. 5974.

Both the Arab and the United Kingdom representatives have tried (as they hope with success) to understand the point of view of the other party, but they have been unable to reach agreement upon an interpretation of the Correspondence, and they feel obliged to report to the conference accordingly.

The United Kingdom representatives have, however, informed the Arab representatives that the Arab contentions, as explained to the committee, regarding the interpretation of the Correspondence, and especially their contentions relating to the meaning of the phrase "portions of Syria lying to the west of the districts of Damascus, Hama, Homs and Aleppo", have greater force than has appeared hitherto.

Furthermore, the United Kingdom representatives have informed the Arab representatives that they agree that Palestine was included in the area claimed by the Sherif of Mecca in his letter of the 14th July, 1915, and that unless Palestine was excluded from that area later in the Correspondence it must be regarded as having been included in the area in which Great Britain was to recognise and support the independence of the Arabs. They maintain that on a proper construction of the Correspondence Palestine was in fact excluded. But they agree that the language in which its exclusion was expressed was not so specific and unmistakable as it was thought to be at the time. . . . [The report here refers to certain other statements made to Arab leaders during and after the war.] In the opinion of the Committee it is, however, evident from these statements that His Majesty's Government were not free to dispose of Palestine without regard for the wishes and interests of the inhabitants of Palestine, and that these statements

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2. Areas emancipated from Turkish control by the action of the Arabs themselves during the present war;
3. Areas formerly under Ottoman dominion, occupied by the Allied forces during the present war;
4. Areas still under Turkish control.

In regard to the first two categories, His Majesty's Government recognise the complete and sovereign independence of the Arabs inhabiting these areas and support them in their struggle for freedom.

In regard to the areas occupied by Allied forces . . . it is the wish and desire of His Majesty's Government that the future government of these regions should be based upon the principle of the consent of the governed and this policy has and will continue to have the support of His Majesty's Government.

In regard to the areas mentioned in the fourth category, it is the wish and desire of His Majesty's Government that the oppressed peoples of these areas should obtain their freedom and independence and towards the achievement of this object His Majesty's Government continue to labour. . . .

V. THE ANGLO-FRENCH DECLARATION OF NOVEMBER 7, 1918.

The object aimed at by France and Great Britain in prosecuting in the East the War let loose by the ambition of Germany is the complete and definite emancipation of the peoples so long oppressed by the Turks and the establishment of national governments and administrations deriving their authority from the initiative and free choice of the indigenous populations.

In order to carry out these intentions France and Great Britain are at one in encouraging and assisting the establishment of indigenous governments and administrations in Syria and Mesopotamia, now liberated by the Allies, and in the territories the liberation of which they are engaged in securing and recognising these as soon as they are actually established.

Far from wishing to impose on the populations of these regions any particular institutions, they are only concerned to ensure by their support and by adequate assistance the regular working of governments and administrations freely chosen by the populations themselves. To secure impartial and equal justice for all, to facilitate the economic development of the country by inspiring and encouraging local initiative, to favour the diffusion of education, to put an end to disensions that have too long been to the advantage of the Turkish power, such is the policy which the Anglo-French Governments adopted in the liberated territories.

“UNION NOW”

I. THE ONLY WAY

ON the eve of the March crisis, Mr. Clarence Streit, the well-known American journalist, published in England a remarkable book, a book which everyone should read and ponder, *Union Now*.^{*} Though he could not have foreseen the occasion, he offered, for the disease of which those events were but a symptom, a truly heroic remedy. For in *Union Now* he urges that the democracies of the West—fifteen by his count—should immediately merge their sovereignties into a single State. Thus and only thus, he claims, can war be eliminated, peace set upon a sure footing, and those conditions established under which the pressing economic problems of the world can be faced and solved.

Mr. Streit's case rests essentially upon the argument, not merely that such an international merger *would* eliminate the war menace, but also that nothing else can. The alternatives that he considers are the method of conference and conciliation, the method of universal collective security, the method of regional pacts, the method of alliances and the method of isolationism, or each for himself. Mr. Streit contends, with all his experience at Geneva and elsewhere to prove him right, that none of these will do. His showing-up of isolationism is addressed, of course, mainly to his own countrymen in the United States; for in crowded Europe or on its edge the doctrine of each-country-for-itself plainly offers no hope of refuge from the peril of war. Mr. Streit has only to point to the record of American laws, diplomacy, and armaments in the past half-dozen years to show the break-down of isolationism in practice,

^{*} Jonathan Cape. 10s. 6d.

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in the mightiest of all great Powers, the farthest removed from immediate threats of war. No nation, however strong—not even the whole British Commonwealth in concert—is able by itself to uphold its own rights for certain, and to live in such security that it can solve its economic problems and let its people consume the fruits of progress. Even if it suffers no aggression, it must be ever weighed down by armaments. It must remain prisoner of a world economic disorder which it can do little or nothing to remedy.

The method of non-resistance, with which Mr. Streit does not deal at length, may perhaps be held to be included in the method of conference. The direct attack on the use of force between nations, by way of a conference to limit the means of acting by force, has manifestly failed; "for both haves and have-nots preferred even the unlimited risks of war to the risk to their holdings or their dreams which they saw in disarmament". What, then, of the indirect attack on the use of force, by way of a conference to consider how adjustments that could otherwise be made only by war may be made by peaceful means? As Mr. Streit more than once points out, even if this method were to succeed, to the point of giving the so-called have-not Powers all that they now demand, we should be not one step nearer to permanent peace.

Even if all Germany's colonies were restored, and the Polish Corridor, Alsace-Lorraine and everything else, why should that decrease instead of increase the war danger? When Germany had all that in 1914, and Britain was trying to soothe her with half of Portugal's colonies, Germany was demanding only more imperiously than now "a place in the sun".

The subjection of Czechoslovakia and Albania rammed home this argument of Mr. Streit's. The ambition of the lawless States is plainly an appetite that grows by what it feeds on.

The method of all-round collective security, the method of the League Covenant, has had a devoted following in the

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English-speaking world, and Mr. Streit spends a great deal of effort in demolishing its claims. But the task is not half as difficult now as he might have found it a few years ago. For the actuality of aggression by great Powers has brought home to everyone two fundamental facts about collective security: first, that it implies a liability on each member-nation to go to war, not by its own free decision, but upon the occurring of events beyond its control and perhaps not otherwise likely to involve it in war; secondly, that it requires preparation for war with allies, war to be instantly joined according to prearranged plans such as alone will give assurance of unity in purpose and action. Because of the first fact, automatic and universal collective security clashes head-on with democratic free-will in a world of sovereign States. Because of the second, practical collective security clashes head-on with its own theoretical principles. For if there are to be plans for allied action in the event of a collective war, they must cover all the contingencies that might arise. The *reductio ad absurdum* of this is a schedule of permutations and combinations of possible aggressors among all the seventy-odd members and non-members of the League, with a corresponding schedule of alliances to be worked out in military terms.

But there is no need to carry the logic to this extreme. The regional (or otherwise limited) mutual-assistance pact reproduces the collective-security problem in miniature. The value of the Locarno pact of guarantee was immensely reduced, as the soldiers and sailors and airmen who would have had to carry it out always perceived, by the fact that its mutual character forbade them to make any plans for action. Only after Germany had violated the pact in 1936 could the staff conversations that were needed to make it a reality take place between Great Britain and France.

In brief, if collective security—universal or regional—is less than an alliance it is ineffective in deterring or defeating aggression; while if it becomes an alliance it ceases to be collective, in the sense of mutuality. It becomes merely a

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"defensive" camp arming and planning against an "offensive" camp.

Mr. Streit goes on to argue that in a grand alliance among the democratic Powers lies no hope of permanently banning war from the world. The alliance cannot be large enough and at the same time cohesive enough to present for ever an overwhelming threat of retribution to potential aggressors.

Though possible as a temporary stopgap an alliance, as a permanent organisation, has never been achieved and is practically impossible to achieve among as many as fifteen states. The fact that the states are democracies makes a permanent alliance among them not less but more impractical and inconceivable. For the more democratic a state is, then the more its government is dependent on public opinion and the more its people are loath to be entangled automatically in the wars of governments over which they have not even the control a league gives, and the more its foreign policy is subject to change. But the more all this is true of a state the harder it is either for it to enter an alliance or for its allies to trust it if it does.

Mr. Streit rightly lays stress on the inherent failing of democracy when combined with jealous national sovereignty. "The dictators are right", he says, "when they blame the democracies for the world's condition, but they are wrong when they blame it on democracy. The anarchy comes from the refusal of the democracies to renounce enough of their national sovereignty to let effective world law and order be set up."

The result has been that democracy itself has been slowly going under. Italy and Germany are to be regarded, in Mr. Streit's view, as early casualties. "They are not the source of the danger our whole species now faces, they are only its first victims." National sovereignty has already destroyed political freedom in many of the smaller and weaker nations, with but shallow traditions of democracy to draw upon. It is now taking toll in the great and well-founded democracies. Amid international anarchy, the state must be paramount, internally and externally, and as the state is glorified so freedom perishes. The very effort to defend our freedom by arms, alliances and preparations for war must needs make that freedom less.

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Recognising this, many people in the democratic countries have turned in hope once more to the method of the League to limit national sovereignty and stave off war. Here Mr. Streit brings to the aid of his theme an immensely powerful battery in the shape of American experience after the war of independence. At first, the thirteen states formed a “League of Friendship” in which each retained its sovereignty. By 1787, when the constitutional convention met at Philadelphia, the League was in chaos because it had no adequate central government or authority. Commerce was stagnant for want of security and confidence. Disputes over trade and territory were on the verge of setting the several states at war among themselves. “War with Spain threatened to break the League of Friendship into two camps. The League could not coerce its members. Threats of withdrawal from it were common.” It was amid this disarray that Alexander Hamilton, with Madison and Jay, preached in the *Federalist* the gospel of union among the thirteen states, and conquered his opponents by the unanswerable logic of his theme. The strength and vigour that federal union gave to the thirteen American democracies are for all to see.

Not without reason Mr. Streit likens the Geneva League to that abortive League of Friendship, and its present breakdown to the chaos that faced the Philadelphia convention, though he admits that its failure has not been so complete as that of its American prototype.

The League's “internationalism” is often contrasted with pre-war nationalism as if it were at the other pole. It is really an extension of the same principle. The basic principle of the pre-war system was national sovereignty: its unit for making, enforcing, interpreting and revising agreement was the state, its equality was the equality of these units, its procedure required their unanimous consent and its highest aim was to keep each state sovereign. The drafters of the Covenant, far from rejecting this, sought to legalise and crystallise it all by converting it from the unwritten to the solemnly signed. They enthroned the pre-war principle in the League and contented themselves with parading the pre-war application of it.

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No doubt that was inevitable. Mr. Streit himself admits that the method of league had to be tried and found wanting before the method of union could be seen to be necessary. The league method can neither make and revise law between nations, nor interpret and enforce it. The league method cannot prevent war, because it cannot do justice when justice conflicts with sovereignty, and because it leaves war as the ultimate instrument of international policy. It cannot bring about disarmament because it depends on the national armaments of its subscribing members, and bids them fend for themselves until the aid of the league can be organised and brought to their succour. It cannot solve world economic problems, any more than it can solve world political problems, because it leaves national sovereignty intact. This is Mr. Streit's diagnosis, and his cure is the cure that Hamilton urged upon the people of the disunited states—federal union.

There is indeed no other cure. If Mr. Streit has done nothing else, he has directed men's minds to the fundamental need in world politics at a time when they are all too likely to be distracted by the immediate and superficial needs. Civilisation, as he points out, has worked miracles in enslaving nature, but has done little or nothing towards freeing itself from the slavery of its own disorders. In the political sphere it is shackled by national sovereignty; and the only way of breaking national sovereignty is to build a unit wider than the nation, a unit which will eventually embrace the whole world. In *The Commonwealth of God* Mr. Lionel Curtis showed how history and religion pointed down that same path. It is one of the great merits of Mr. Streit's book that he translates the general theme into a concrete plan, which he presents, not for the indefinite hereafter, but for our own generation, *now*. His courage will expose him to many critics, who will seize upon faulty details of his draft constitution as proof that the whole idea is impracticable. But the constitutional details are entirely unimportant at this stage: it will be time enough to tackle

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them if and when a constitutional convention for Union is summoned. What precise form Union might take it is impossible to foresee. Its construction will need the combined political wisdom and experience of the civilised world—not only the experience of the United States, on which Mr. Streit draws too exclusively for his model, but also that of the British Commonwealth, the Swiss cantonal system and other forms of political architecture. Maybe an altogether new type of governmental apparatus will have to be invented. The essential need at the moment is that world opinion should be brought to see that without some form of Union our civilisation is doomed to frustration on the political plane; and to see, moreover, that Union is a practical idea, as practical an idea as television was a generation ago.

Mr. Streit's concrete proposal, with all its defects, throws the whole concept from the dream-clouds into the arena of practical argument. If people get to the point of contending that Union will not work like *this*, they are not far from believing that it will work like *that*. It is in this spirit that THE ROUND TABLE adds some comments upon Mr. Streit's proposal.

II. THE MEMBERSHIP OF UNION

THE plan is that the countries entering the Union should hand over to federal authority without reserve certain of their sovereign powers, including in the economic field the regulation of tariffs, currency and immigration, and in the political field the raising of armed forces, the conduct of diplomacy and the making of treaties, and the decision upon peace and war. In his proposed Union Mr. Streit includes the United States and the six fully self-governing nations of the British Commonwealth, four Scandinavian countries, France, the Low Countries and Switzerland. Why these? Though they are scattered over the globe, they are geographically united by the fact that all of them

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(with the exception of Switzerland, which there are obvious reasons for including) are maritime Powers which have sought their destiny on the high seas ; with three exceptions they all have coasts upon the great open oceans, including therewith the North Sea. Not only have they the means of coming to each other's assistance ; they look upon world affairs with the same eyes. " A government that bases itself on a continent or sea limits its possibilities of expansion, but a government that is based on the ocean is headed straight toward universality." It is plainly necessary, too, that all the members of a democratic union should themselves be democracies. The test of democracy, however, is not the universal franchise or any particular set of elective institutions, but the question whether there exists freedom of utterance, equality of all before the law, and some means of letting the popular will, freely expressed, control the national policy.

This question of the initial membership is of very great importance, not only because it would determine the character of the Union from thenceforth, but also because vested interests would instantly arise, both within and beyond its borders, against the inclusion of new members. Moreover, the excluded countries might move into other camps. Discussing the various alternative lists of initial membership—for instance the English-speaking nations only—Mr. Streit uses these words :

Among the grave defects of a single language are these : it gives the nucleus an offensive air of exclusivity. It tends to falsify and limit the basic democratic principles of equality and freedom, to alarm the old and powerful democracies it excludes, and to encourage hostile combinations.

This is very true, but surely none the less true of a single colour or race than of a single language (though admittedly none of the non-white nations is yet very old or very powerful as a democracy). Although British India is not yet a sovereign nation, nor has she democratic control over foreign policy, defence and certain other matters, yet

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she ought to be considered as a possible founder-member of Union, in which, indeed, no member would control its own separate foreign policy or defence. Alternatively, India, with any other British country approaching self-government, might retain the same relations with the Union as she now possesses with the British Empire. If it started with any taint of racial or colour exclusiveness, the Union—as the greatest imperialism ever known—might be bitterly suspect among the rising peoples of Africa and Asia.

In facing the problem of India, Mr. Streit is frankly baffled by the difficulty of including a nation of 400 million people on the basis of equal votes for all citizens in the federal elections. But the problem would be solved in practice by the backwardness of the Indian masses, since a simple test of literacy (such as any civilised union might be expected to impose) would exclude the great majority of the 400 millions. Nor is there any reason to suppose that if India formed part of a federal union her votes would all go one way.

There is another problem, of equal importance, in connection with the membership of the Union. Its nature excludes from it all the totalitarian States, so long as they remain totalitarian. Put forward at this moment, the proposal is liable to be taken as a mere plan to frustrate any attempt by the dictators to pursue their ambitions in Europe and elsewhere. One of Mr. Streit's most forcibly pressed arguments, indeed, is that Union would replace a precarious balance of power by a durable "unbalance of power", in which the democracies would have an assured preponderance over the countries of the Triangle. But he also makes plain that it is not the permanent nature of Union to be ranked against anybody. Its membership, as Mr. Streit urges, should be open to all countries fitted for it by their character and constitution. The prosperity, freedom, safety and happiness of its citizens might well prove an inspiration to the citizens of totalitarian States to throw off the chains of dictatorship and militarism.

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In the meantime, however, the project of Union has to be judged in face of a situation of the utmost danger, in which the majority of its potential members are abused, envied and threatened by certain of the countries that would be excluded. The retort at present devised to those threats is something very different from democratic Union. Not only is it a much less close combination of States, by way of alliance or defensive guarantee; it is furthermore a combination of democracies with non-democratic States. The greatest of these anti-aggressive dictatorships is of course Soviet Russia, but there are others too: Poland, Greece, Rumania, Turkey, to name only those which Britain has recently undertaken to defend. It is an open question whether a democratic Union in which the preponderant weight was non-European would wish to pledge itself to defend dictatorships in Europe. Looked upon in the light of to-day's strategic needs, the project of Union is an offer, coming from the only quarter from which such an offer could reasonably come, to replace a certain non-ideological camp by an ideological merger—in a word, to make up for a possible weakening of the present "peace front" by casting America into the balance. The time-table of urgencies, from which we cannot escape, compels us to look at the project in this way, and it passes muster. Nevertheless, the real problem in international affairs, which Union is designed to solve, is not how to defeat aggression, but how to prevent anarchy.

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LIKEWISE, on the economic plane, the aim of Union is not simply to reduce unemployment or increase profits or raise wages, but to end that international anarchy under which economic problems that are inherently world-wide can be tackled by no one, since no one has the power to decide upon and carry out the necessary solutions. Too often, national attempts to solve them mean beggar-my-

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neighbour, and make the basic problem worse. Union by itself would not cure unemployment, which could as readily continue under a régime of free trade between the Union's members as it can under a régime of national protection. Neither the size nor the internal security of the huge area of free trade and mobile capital and labour in the United States has saved that country from worse unemployment than much smaller economies. What Union could do—what Union alone could do—is to remove or greatly to reduce certain obstacles to a deep-going attempt to tackle unemployment and kindred problems—obstacles like the uncontrollable ebb and flow of “hot money” from capital to capital, the weakness of business confidence in face of the threat of war, or the existence of artificial barriers to the international movement of labour and long-term capital.

Mr. Streit indeed does his theme no service by claiming too much for it, as occasionally he tends to do in the economic sphere. Union can come about only as a result of frankly facing difficulties, the greatest of which are the “vested interests” of the present scheme of things that would suffer by the breaking down of centuries-old ring-fences built round national economic and political systems. Vested interests are not always bloated and evil, and their unregulated overthrow may cause more trouble and distress than their perpetuation. For example, the old-established industrial areas of Great Britain, founded on shipping and export industries, had a vested interest in liberal world trade and particularly in British free trade: the overthrow of that traditional system produced the distressed areas. Similarly, distressed areas in other zones might be produced by the overthrow of the existing system of national tariffs among the prospective members of the Union, unless that action were accompanied by a constructive plan for softening the blow and transferring labour and capital from the old industries to new ones. It is not too soon to be mapping out the broad nature of such

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a plan, which might well include a gradual transition to free trade over a long period of years; for, if no antidote to dislocation is worked out and adopted, Union may fail for reasons much smaller in themselves than those which make it the only ultimate issue from our present afflictions.

The lesson of twenty years since the world war is that a complex of unmitigated national sovereignties is inherently unstable. That was always so, indeed, but modern science has made the consequences far more terrible than ever, and modern means of communication have meant that a disturbance anywhere, instead of sending but a faint tremor beyond its immediate quarter, may shatter the whole fabric. This inherent instability of the system of sovereign States is not unlike the inherent instability that Karl Marx attributed to the capitalist system. What he failed to foresee was that national sentiment would quite outweigh class interest in the motivation of the mass mind. The bulk of the German wage-earners, looking out upon the world at large, think as Germans, national citizens, not as "workers of the world"; and the same is true of British, American, French, perhaps even Russian workers. Having diagnosed the collapse of capitalism as inevitable, Marx prescribed the world revolution as necessary. If we now diagnose the inevitable collapse of the system of unmitigated national sovereignties, through its inherent tendency to war and self-destruction, what of the method whereby that end may be brought about? It will surely come in one or other of two ways: totalitarian empire, or democratic union. The first corresponds to the Marxian world revolution—the surgery of violence, followed by the dictatorship of a section. The second corresponds to the democratic socialisation which since Marx's day has indefinitely postponed the revolution in the west by combining greater wealth all round with a fairer distribution of community income.

What we have been seeing in Europe and Asia since 1931 has been the method of empire warring against national

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sovereignty. By its energy it has forestalled the rival method of union. To many minds the imperialist method is an attractive one, and the peoples may be driven to accept it unless they have the courage to demand the alternative. But imperialism in its turn is inherently unstable; for it cannot retain for ever the strength and will-power to repress minorities; they will eventually reassert their national sovereignties, either by revolt and war (as in the breakdown of the Austro-Hungarian Empire), or else by peaceful devolution (as in the life-story of the British Commonwealth), thus restoring the ancient anarchy. Hence an irresistible logic points to democratic union, not as a mere figment of theory, but as in the end the only practical way out. The vital issue at the moment is not whether Union should have this or that constitutional shape, or this or that economic policy, but a far more general question: how long will the peoples of the western world endure the present order of things? How much more war and suffering are to be gone through before the dream becomes a fact? Union is not practical now, if by "now" we imply the immediate calling of a constitutional convention and the entering into force of its product within a few years; but it is practical now, if by "now" we mean that men and women all over the world can to-day begin training their thoughts to the belief that in some form Union must come, and to the pursuit of the best and surest means of bringing it to birth.

GERMANY'S EASTERN NEIGHBOURS

I. GREAT POWERS AND SMALL

THE present enduring international crisis appears to different nations in different lights. For Great Britain (and for the United States), it is caused by the need to resist an attempt to dominate the world by force: for Germany, the root lies in a greedy encirclement designed to restrict that country's *Lebensraum*. For a large section of British opinion, it involves an ideological struggle—a stand for freedom against “fascism”. For the inspired totalitarian organs of opinion it implies a democratic conspiracy against the “Dynamic Powers”, or “Young Nations”. But, for the countries involved as potential victims or allies in a possible struggle between the great Powers, the issue presents itself realistically. Wherever their sympathies may lie, their political problem is how to safeguard their bare existence as sovereign national States. Those most intimately involved are Poland, Rumania, Yugoslavia, Hungary and incidentally Slovakia; that is to say, Germany's immediate neighbours and the immediate neighbour of Germany's third ally, Hungary. The attitude of Bulgaria and the other countries of the Balkan Entente has not yet had to be defined to the same extent as that of the countries commonly accepted as “threatened”.

All these countries, between the crisis of September 1938 and the recent change in British foreign policy, tried to do little more than avoid complications. They seemed to hope that by adopting a neutral attitude and making no public declarations susceptible of being interpreted by the “Dynamic Powers” as irritating, provocative, or displaying

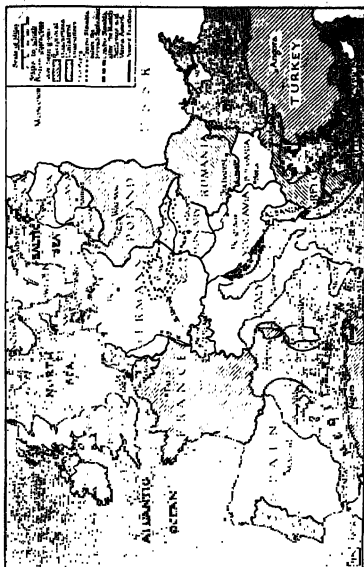
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too much affection for the western Powers, they might escape the wrath to come and not fall victims to the expansionist aims of the Axis. Some clearly hoped even to profit economically by those aims.

II. POLAND

THE crisis of September 1938 found Poland still pursuing a policy of understanding with Germany, while keeping good relations with Soviet Russia. On the constructive side, her policy appeared to aim at the establishment of a sort of *cordon sanitaire* of neutral States reaching from the Baltic to the Black Sea—consisting therefore of Poland, Hungary and Rumania, with the possible adhesion of the Baltic States. At the peak of the crisis, her one aim seemed to be to profit by the difficulties of Czechoslovakia: pursuing this aim, she took possession of the Teschen and Karwin mining districts in Moravian Silesia, as well as the important railway centre of Bohumin or Oderberg. Nobody could say that she had much ethnical claim to the districts, which contain, apart from Czechs and Poles, some German minorities.

The crisis once over, however, Poland found herself faced with a new problem threatening her political integrity. Slovakia, and with it Sub-Carpathian Russia, had come under German domination. Sub-Carpathian Russia had for years been considered the breeding-place of Ukrainian propaganda, and the focal point of intrigue on behalf of a future Ukrainian State which would include south-eastern Poland as well as the Russian Ukraine. There were plenty of symptoms to show that the idea of creating such a State had German approval, to say the least; and it was freely alleged that this might be the next step in German expansion eastwards. German money and German agents were reported to be at work in Sub-Carpathian Russia; the Hetman Skoropadsky, whom the Germans had instated as ruler of Ukraine after the treaty of Brest-Litovsk, was still



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living in Berlin; the Vienna radio transmitter, together with those acquired by the Germans in the ceded areas of Czechoslovakia, took to broadcasting propaganda in support of Ukrainian autonomy. The almost immediate result of this was that the Ukrainian party tabled an Autonomy Bill in the Sejm, the Polish Parliament. It is small wonder that Poland began to raise her voice in support of Hungary's claims to Sub-Carpathian Russia, which she had lost by the treaty of Trianon in 1919. Both in Hungary and in Poland, an almost mystical value was attached to the achievement of the common frontier between "brother peoples".

More important than this, however, as an effect of Germany's stronger position and her obvious desire for expansion, was the renewal of Poland's non-aggression pact of 1932 with Soviet Russia, and the attainment of a new, if rather informal, "friendly agreement" of the two countries to live together as good neighbours. On Soviet Russia's side, this was probably inspired as much by her own dislike of the idea of a German-sponsored Ukraine as by Polish fears. On Poland's side, it was a revolutionary turn of policy, considering that, shortly before the September crisis, there had been well-authenticated rumours, mostly from German sources, of her possible adhesion to the Anti-Comintern Pact.

That was in November 1938. In March 1939 the Ukrainian bugbear was suddenly scotched by Germany's own policy. With Germany's consent, Hungary took possession of Sub-Carpathian Russia, and, amid much official rejoicing, established the common frontier between the "brother-nations" of Magyar and Pole. The world, which saw little humorous in the happenings of those days, could at any rate chuckle at the picture of German-subsidised Ukrainian "nationalist guards" being engaged in battle by the allies of Germany.

Meanwhile, a campaign of growing intensity had been developed in the German press denouncing the Polish

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treatment of Germans in Poland and alleging incidents of Polish oppression. This campaign became louder still after the German occupation of Memel. The situation appeared really dangerous when reports appeared of German troop movements on the Polish frontier. The Polish Government took the precaution of mobilising a number of men, and of moving troops to their positions in the west. At the same time, it left the Polish public in not the slightest doubt that their country was threatened, and there began a nation-wide movement towards unity and co-operation in the cause of national defence. Party differences were sunk to an extent extraordinary in Poland's post-war history. M. Witos, the Peasant party leader, returned from exile and suffered only a nominal term of imprisonment. Ukrainians and even Germans were reported as having subscribed to the national defence loan. At the height of the crisis came the British guarantee to Poland, and immediately afterwards, in spite of German threats, Colonel Beck paid his historic visit to London and concluded the Anglo-Polish agreement.*

The result, of course, was fresh outbursts in the German press, both against Poland and against the "encirclement" policy that Germany regarded as implied in the agreement. Then came Herr Hitler's denunciation of the German-Polish agreement of 1934. The effect of both the Anglo-Polish agreement and the German attitude towards Poland was amply conveyed by Colonel Beck's famous speech to the Sejm on May 5. One thing is particularly worth noting in that speech—the absence of any reference to the Soviet Government or to the possibility of extending the system of guarantees against aggression to include the U.S.S.R. It was natural, indeed, that Poland should hesitate to go into the matter on the day after M. Litvinoff had been dismissed. M. Litvinoff was the Foreign Commissar under whom the non-aggression agreement of 1932 had been negotiated,

* For the terms of the guarantee and the subsequent mutual agreement, see below, pp. 604-5.

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and friendly relations renewed in November 1938. The mistrust of Soviet Russia and of communism that prevails in Poland is deep-rooted and tenacious. For Poland there are very grave implications in the suggestion of an agreement envisaging military help to her from Soviet Russia. In addition, there has always been at the back of Polish minds the fear, dating back to the treaty of Rapallo and the contacts maintained by the German and Russian general staffs, of possible German-Russian co-operation against Poland. Superficially, the slowness of the progress towards Poland's acceptance of Soviet help may look like Polish suicide; but to observers on the spot even the speed attained has been a matter for surprise, so great are the historic and psychological obstacles to be overcome.

On the whole, of all the European countries affected by the recent British change of policy, Poland is the one that has most radically transformed her own policy in the past few months, and that has been most responsive to the British guarantee. She has openly taken up a position of resistance to German threats and of association with Great Britain and France. There are two main reasons for this. One is that Poland feels that she is probably the next on the list and the most immediate victim of Herr Hitler's wrath. The Danzig and Corridor questions, which Germany had allowed to slumber quietly since 1934, have come very vigorously to life, and at the moment form the acutest problem in European politics. But the chief ground for Poland's new attitude is that she feels herself strong enough to adopt it. Her size, her pride in her army, and her belief in her own powers of united resistance, make her the one country left in eastern Europe that is strategically and politically capable of standing out against Germany.

III. RUMANIA

UP to the crisis of September 1938, Rumania, as a member of the Little Entente, was definitely associated with the western Powers through the French system of

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alliances. That crisis dissolved the Little Entente, and Rumania found herself in a position where only a "neutral" attitude promised any security.

Internally, she was none too stable. She had not yet completed the first year of a new régime consisting of a royal dictatorship aided by martial law, and implying a thorough reconstruction of her administrative machinery (which not even her friends would have claimed was anything better than rotten), and the suppression or conversion of the old political parties. The most important of these parties were the Iron Guard, a fascist revolutionary body led by the exalted fanatic Codreanu, and the National Peasants, who possessed substantial support in the country, although, thanks to the peculiarities of the Rumanian elections, they had of recent years held but a small number of seats in parliament. In the effort to create a substitute for these parties that might attract the loyalties of the people, the Government propagated a Front of the National Renaissance. Membership of this party was obligatory, or virtually so, yet it has not made much progress. It is something of a joke in responsible circles; and it contains a certain proportion of irreconcilable Iron Guards whom everyone supposes to be biding their time, though they are "under observation" by the Front itself.

Whatever the stability of this régime, it was, to begin with, ideologically of a kind to attract the approval of Germany. German and Italian propaganda, moreover, was active in the country, and the Axis countries were clearly spending considerable sums of money there. The public declarations of King Carol's Ministers were as non-committal as might be. A large proportion of the officers of the army, who are a permanently under-paid and discontented class, loaded with the extra financial burden of more uniforms than seem necessary to members of the defence forces of western countries, were reported to be strongly sympathetic towards Germany, and some of them to have contact with the fascist Iron Guard.

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The Iron Guard leader, Codreanu, was despatched a few days after King Carol had returned from a visit to London and, on the return journey, to Berlin. As regards internal politics, this show of force is reported on the one hand to have broken the revolutionary ardour of the Iron Guard; on the other hand, to have driven what was left of it into permanent underground opposition. As regards the foreign political results, the deed led to a violent German press campaign directed against the person of King Carol.

There was, however, up to March 1939, no apparent direct threat to the political integrity of the country. Rumania, apart from trying to avoid trouble in public pronouncements, pursued a policy in harmony with that apparently aimed at by Poland, that is to say, the establishment of a *cordon sanitaire* of neutral States. This, however, is not as easy as it sounds. Rumania possesses, in Transylvania, territory that is the object of Hungarian revisionist claims; in the Dobrudja, areas claimed by Bulgaria; and in her north-eastern province of Bessarabia, between the rivers Prut and Dniester, an area which, though the subject of an implied agreement between Rumania and Soviet Russia, might come into the market again at any moment as Russian *terra irredenta*—or so Rumanian opinion generally believes. There are at present no signs of its doing so. But the province is largely Russian, and the question looms in the background as one of the great obstacles to Rumanian approval of an anti-aggression system that would bring in Soviet Russia as a guarantor Power, and therefore presumably authorise her to send military forces into Rumanian territory.

Rumania built hopes on the possibility of inducing Bulgaria to become a member of the Balkan Entente. In this connection, the encouraging communiqué issued after the March meeting of the Balkan Entente in Bucarest had some importance. It has, however, been cancelled out by a statement of Bulgaria's revisionist claims, made in the Bulgarian Parliament on April 20 by M. Kiosseivanoff.

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He is reported as having laid claim to the Dobrudja and an outlet to the Aegean, but no more. This means that all the weight of Bulgaria's claim falls on Rumania and Greece: Yugoslavia, who possesses Bulgarian *terra irredenta* in Macedonia, is acquitted. This question obviously creates great difficulties in connection with the British guarantee of Rumania, though the later British agreement with Turkey encourages the hope, not only that the question will not provoke a crisis, but even that it may be permanently solved.

The threat to Rumania that called forth the British guarantee took the form of Hungarian troop movements, accompanied by the usual crop of alarmist rumours, which are used so ably by German propaganda in the pursuit of Germany's aims. Rumania mobilised, and in that position of tension she concluded the notorious trade treaty with Germany. This treaty was hailed in the British press as having made of Rumania an Axis Power. In point of fact, it did not go so far, and the extension of the British guarantee to Rumania established fairly clearly that Rumania could not be considered as directly associated with the Axis, though she is still hopeful of being able to make the best of both worlds. The Anglo-Rumanian trade agreement of May 11, too, has a political significance, in addition to the economic aid that it brings to the country. The guaranteed purchase of Rumanian wheat, in particular, goes some way to offset the political effect of the German agreement.

Rumania's position is rather difficult to define. The British guarantee is designed to preserve her from aggression. Aggression could come on the score of Transylvania, which the Hungarians want, or of the Dobrudja, which Bulgaria demands. Another form of aggression might indeed be German, aimed at the possession of Rumania's oil supplies. Such aggression would surely take place only if Germany were already carrying on a war elsewhere and needed more supplies than Rumania was willing to sell to

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her under diplomatic pressure from the German side and counter-pressure from the western Powers.

In peace time, Rumania is, indeed, diplomatically reinforced by the guarantee. In the event of war, however, the effective military implementing of the guarantee by a British expeditionary force is not easy to conceive—especially since the conclusion of a military accord between Germany and Italy. The Rumanian army being in its present state, mere military pressure on the western front would not be enough to prevent an almost immediate military defeat of Rumania by Germany. To a great extent, the military position of Rumania as a guaranteed Power would depend on the adherence of Soviet Russia to the system of guarantee. In spite of the problem of Bessarabia, and in spite of the poor means of transport, there is little doubt that Russian military help would be accepted in a crisis in which Rumania found herself threatened by Germany.

In the event of a war not involving Rumania immediately, such as a war over Poland, there would be considerable advantage to Germany in regarding Rumania as neutral—provided that Germany was satisfied with such supplies of oil and other material as Rumania was willing, or under diplomatic pressure was forced, to send to feed the German war machine. If Germany considered herself not adequately supplied, she would presumably undertake the occupation of Rumania. This could be affected all the more easily by involving Hungary, who has large and dissatisfied minorities in Rumania; by utilising such Germanophile elements among the Rumanians themselves as the Iron Guard; and by stirring up the important German minorities in Rumania, who have been there for centuries, but who have nevertheless been organised by the Nazi régime to do the bidding of their Fatherland.

HUNGARY

IV. HUNGARY

HUNGARY, though a State of Germanophobe leanings both by her traditions and by temperament, is now closely associated with Germany. She is a signatory of the Anti-Comintern Pact, and, under German and Italian pressure, has recently performed the gesture of leaving the League of Nations. She is a revisionist Power, who has had everything to gain by securing the support of Germany. She has thereby obtained the return of the principal Magyar-inhabited districts of the former northern Hungary, and she has also recovered the whole of Ruthenia, or Sub-Carpathian Russia. Her other revisionist claims extend to the Burgenland, which is now part of the Greater German Reich, and therefore may be excluded as well and truly lost; Transylvania, which has been discussed above; and the fringe of Yugoslavia. On paper she also has a claim to more of Slovakia; the districts that she might claim, however, though riddled with Hungarian sentimental traditions, contain important German minorities, and Hungarian statesmen at heart are none too keen on laying claim to them.

Internally, Hungary is beset by parties of the extreme Right with creeds resembling that of the Nazi party in Germany; she has important German minorities in her own territory, to which she has recently had to make concessions; she has been presented with a number of very ticklish problems in northern Hungary, where the transfer from Czechoslovakian to Hungarian sovereignty has caused a certain amount of economic distress; she is in the throes of legislation leading towards an agrarian reform; and she has just passed anti-Semitic laws which do not really receive the approval of the nation.

Hungary is valuable to Germany as a producer of agrarian products. She is, indeed, largely bound to Germany in this respect; and she has been under pressure to conclude with the Reich an agreement based on

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long-term contracts for her grain and cattle exports. Her latest pronouncement on her biggest revisionist claim, that of Transylvania, is full of sweet reasonableness: though not exactly renouncing her claim, she has proclaimed her willingness to come to terms with Rumania on the basis of minority guarantees. This statement was made by Count Csáky on his return, with the Prime Minister, Count Teleki, from consultations in Rome and Berlin: it is difficult not to assume that the conciliatory attitude was the outcome of those consultations. It is true that it corresponds temporarily with the wishes of those in command in Hungary, who have quite enough to do in assimilating their recent acquisitions without embarking just yet on fresh demands. Hungary, however, is militarily weak, and incapable of acting independently of Germany or Italy; it is undoubtedly to Germany's advantage that Hungary for the moment should make no claim on Rumania. In her relations with Yugoslavia, Hungary's attitude has been largely determined by Italian initiative.

V. YUGOSLAVIA

PERHAPS the main principle of Yugoslavia's policy can be summed up in the phrase, "the Balkans for the Balkan peoples". The first step towards the realisation of that idea was the formation of the Balkan Entente: the next, the solution of the Macedonian question, which had caused so much blood to flow, by means of the pact of 1937 with Bulgaria. Since that pact, either by direct negotiation or through the mediation of Turkey, efforts have been repeatedly made to include Bulgaria in the Balkan Entente. Although Bulgaria is prevented from adhering by her revisionist claims, by the pact of Salonika she was liberated from the disarmament clauses of the treaty of Neuilly, and in return agreed that she and the Balkan Entente countries would "assume the obligation to abstain in their mutual relations from any recourse to

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force". After the crisis of September 1938, and the collapse of the French system of alliances, this "Balkans for the Balkan peoples" policy had the virtue of implying for Yugoslavia an assured neutrality, and not necessitating any *prise de position* for or against the totalitarian States, or, for that matter, for or against the western democracies.

The second principle of Yugoslavia's policy is embodied in the friendship pact of 1937 with Italy. This was a revolutionary document when it was signed; for the population of Yugoslavia heartily detested everything Italian, and the bad feeling created by Italian claims to Dalmatia after the war had never evaporated. The pact assumed even greater importance after the *Anschluss* and the arrival of Germany on the frontier of Slovenia. In the light of the reported German drive to the Adriatic, the preservation of good Yugoslav-Italian relations was assumed to have some virtue in helping to play off Italy against Germany, to the advantage of Yugoslavia. The improvement of relations with Italy went so far that on Italian initiative Hungary was induced virtually to abandon revisionist claims on Yugoslavia—and this in spite of the fact that for years Italy had been the sponsor of Hungarian revisionist claims in general. It seems, indeed, that Italy has not pursued a policy completely subservient to Germany in this part of the world; during the recent visit of M. Markovitch to Venice, it was reported that Italy was urging the idea of a Yugoslav-Hungarian pact of friendship.

A motive that undoubtedly plays an important part in determining Yugoslavia's policy, though there is little information about it, is her purely military position. Although the human material at her disposal—Serbs, Croats, Bosnians, Montenegrins and Macedonians—is acknowledged to be of first-class quality, the equipment of the army is reported to be not up to the standard required by modern conditions, either in quantity or in quality.

Nor may we ignore the influence on Yugoslavia's international relations of the German economic penetration,

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quite apart from its military significance. Germany now accounts for fifty per cent. of Yugoslavia's imports and exports. The French and British predominance in capital investment in the country is already seriously threatened, if not surpassed, by the stake of Greater Germany, who appears eager to negotiate more and more credits. These credits, moreover, are directed to the financing of important enterprises of significance in war time, such as iron works and explosive factories, and to the purchase of military material from Germany or from the newly acquired Skoda works. It is inevitable that Yugoslavia should thereby become, if not more attracted to, at least more dependent on Greater Germany.

There is little doubt that this orientation does not correspond to the wishes of a great part of the population. On the one hand, there is a deep-rooted dislike and distrust of Italy : on the other hand, there is in the country a strong sympathy for France, dating principally from the world war, and a popular belief in the virtues of democracy, inspired by this association with France. In the same way, there is a traditional hostility towards Germany. The politically conscious sections of the population express a general determination to defend their war-won independence against all comers.

This feeling, in spite of German propaganda seeking to intensify divisions between Serbs and Croats, may be strong enough to settle this long-standing squabble. Conversations have been going on for some time now between the Prime Minister, M. Tsvetkovitch, and the leader of the Croats, M. Machek. The effort has undoubtedly received a fillip from the Italian occupation of Albania, which represents a potential threat to Yugoslav security. There seems to be real goodwill on both sides.

The effect of these various influences on Yugoslavia's foreign policy is illustrated by the fact that during the spring crisis, when Rumania mobilised, Yugoslavia did nothing; even at the time of the Italian occupation of

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Albania, Yugoslavia only took some belated local measures of precaution. Her political association with the Axis Powers is principally with Italy, and her economic association principally with Germany; she is dependent on the two partners to a certain extent both for her political security and for her economic prosperity. So far, her Government has refrained from taking the undoubtedly unpopular step of making any open declaration of adherence to the Axis.

VI. SLOVAKIA

THE rump State of Slovakia is a pure vassal of Germany. The mass of Slovaks are being governed by an energetic minority with little contact with the feeling of the people. German influence in the Government is predominant; the only dissident member, M. Sidor, who had pro-Polish leanings, was soon forced from office. The economic effects of Slovakia's new situation are incalculable. She may represent unexploited mineral resources lying ready for German enterprise; but she received heavy subsidies from the Czechs, and in order to maintain her standard of living will presumably require subsidies from Germany. She has, however, played an important rôle in enabling Germany to rectify a military frontier, with the result that Germany now possesses a naturally defensible line from the south of the Burgenland, north-north-east across the Neusiedlersee, along the Little Carpathians and the White Carpathians to the Polish frontier. Strategically, therefore, Slovakia is no-man's-land.

An exposition such as this does not demand conclusions. These are the European countries at present most intimately concerned in the interplay of great-Power politics; and these are the elements in their situations that will go to determine their own reactions to diplomacy or war.

THE FUTURE OF THE INDIAN STATES

(By a Special Correspondent in India.)

I. GREAT KINGS AND PETTY CHIEFTAINS

THE Indian states to-day face a crisis in their history. Upon its outcome probably depends, not only the introduction and the success or failure of federation under the Government of India Act of 1935, but also the future form and fortunes of the many states that lack the means, even if they possess the will, to keep pace with the rapid evolution of a new India. State administrations are being exposed to ruthless examination by politicians and the press. If those responsible are unable or unwilling to render an account of their stewardship, it is rendered for them, generally with a blunt admonition that their only salvation lies in immediate constitutional and administrative reforms.

The pressure does not come from one direction only. The Congress leaders, speaking for the largest and most efficiently organised political party, demand the "democratisation" of all aspects of state administration and the introduction of responsible government. In the states themselves, particularly in the more advanced states, there is a growing desire by the peoples for an effective voice in the administration. They may seek, for the most part, a "responsive" rather than a "responsible" government, but the basic requirements are invariably justice and fair taxation, speedy redress of legitimate grievances, and a voice for the people in their own governance and destiny, to be heard through suitable representative institutions. Maladministration or oppression cannot always be blamed; for

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states like Mysore, Baroda, Travancore, Cochin and Hyderabad have modern and efficient administrative systems which lose nothing by comparison with those of British India. Rather can the reasons be found in the growing spirit of Indian nationalism, the democratic ideas that have come to stay, the earnest feeling that unity is essential and that in a successful federation there cannot be two Indias in water-tight compartments.

Unhappily for those who are trying to bridge the constitutional and administrative rifts between British India and the Indian states, there is every difference between the relatively few enlightened states, which should have no real reason to fear either federation or any reasonable criticism, and the many backward states, which the kind-hearted may perhaps describe as picturesque anachronisms. India's history provides a key to this complexity. Until the coming of the British, centralised government was weak or unknown even under the most powerful rulers of India. Each empire comprised innumerable kingdoms, states and baronies, fluid in allegiances and alliances, but nominally accepting suzerainty and paying such tribute as could be exacted. In the interval between the dissolution of one empire and the emergence of another, there were struggles for power and consequent adjustments and re-alignments, until the new régime enforced some semblance of stability. It was during such a chaotic interval that the British assumed the central authority, and, without permitting normal adjustments, imposed permanence upon unnatural divisions of large areas. To make confusion worse confounded, the newcomers then proceeded to make territorial and dynastic changes, generally for reasons of expediency and not on historical or geographical grounds. Partly by accident and partly by political design, the consolidation of British power gave to India a small number of major states, generally progressive and well administered, and an unwieldy number of small states, the majority of which are unable to shoulder the burden of efficient

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administration and stagnate helplessly in semi-medieval conditions.

In British India, the units have developed with a certain constitutional and administrative uniformity, which provided a suitable basis for federal plans. There has been no parallel development in the Indian states. The major states have travelled far along parallel, though not identical, roads of political advance. Lesser states possessing the necessary resources are commencing to move in the same direction, and have either announced liberalised constitutions or instituted enquiries from which such constitutions may be expected to emerge. There remains, however, a large residue of states, too poor or too inconsiderable to support proper administration, much less a recognisable constitution. It is indeed an outstanding anomaly of the accident of origin and unequal growth, an anomaly to which the major states not unreasonably object, that they, with their ample revenues and progressive administrations, should be classed with hundreds of petty states, which are treated as independent units, many of them having no more than a square mile of territory, one thousand inhabitants and an annual revenue of, say, one thousand rupees or £75.*

Of the 81 states in Gujarat, 70 have annual revenues of less than one lakh (£7,500), and a large proportion have less than one-tenth of the amount. Of the 33 states in the Bundelkhand agency, twelve have more than one lakh per annum but only one can claim an annual revenue of over ten lakhs. Of the 282 states in the Western India agency, there are over 200 with annual revenues of less than one lakh and some have negligible incomes. Of other areas, the statistics tell a similar tale of petty chieftains existing on a pittance, trying to keep up some semblance of traditional and rather tawdry splendour for themselves, but spending little or nothing on their subjects. The plight of somewhat larger

* The official reference book, *Memoranda on the Indian States*, gives essential details of all states with brief descriptions of the more important.

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states, however, does merit a degree of sympathy. In this class there are states with populations ranging from fifty thousand to one hundred thousand and a revenue of perhaps three to five lakhs. The ruler is often modern in outlook, intelligent and willing. He may content himself with a modest privy purse, but he can neither keep up the appearances that tradition and status demand nor provide adequately for the well-being of his subjects, much less institute legislative councils and similar democratic paraphernalia. In the somewhat wealthier class, we find states with only ten lakhs of revenue that are relatively better off and better administered than those with twenty lakhs.

II. CONGRESS AND THE STATES

BEFORE the world war, the princes and ruling chiefs continued to live a sheltered life, and the growth of political consciousness in British India affected them but little. The small states remained stagnant while the major states pursued a more or less enlightened policy: one or two, indeed, went ahead of British India in some respects. Baroda, for example, introduced compulsory education as well as medical and health services, an independent judiciary, a privy purse, and balanced and published budgets. Although the more advanced states had realised that the quickening life of India must affect them and had studied the implications, the princely arcady was not really seriously disturbed until there arose the political conflicts that brought into being the Round Table Conferences. At those conferences the princes enabled the discussions to take definite shape by signifying their willingness to enter into a federal scheme, as the soundest method of achieving unity and ensuring power and responsibility at the centre. It may be recalled, in view of present trends, that the princes made their acceptance of federation conditional upon the existence of mutually friendly federal units, and of adequate financial resources and undoubted stability at the centre.

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It is probably true to say, not only that the states promised to support an all-India federation from mixed motives, but also that some did not fully realise what their acceptance involved or what its effect might be upon vigorous political movements in British Indian provinces. Some states, though not the progressive ones, undoubtedly thought that acceptance of the federal principle represented the maximum political effort that they would be called upon to make, and that thereafter they could resume their sheltered life. Others realised that pre-war India was no more, and that they had every reason to make the best possible terms for themselves without delay: their initiative at the Round Table Conferences secured for them a standing in the future federation with which they could feel well satisfied. For sentimental and practical reasons, many states sympathised with the desire of British Indian politicians that in the new India there should be a minimum of British control and interference; but they had no intention whatever of allowing the British mantle to fall upon those same politicians. The latter, of course, thought otherwise, and would gladly have ignored the position and claims of the states had they been able to do so; nothing would have suited them better than to assume the rôle of British officialdom and exercise the same functions in relation to the states. Disappointment on the one side, resentment on the other, suspicion and obduracy on both sides, have brought about the present critical conflict.

The situation has so deteriorated in the last two years that while all the interests concerned still pay lip-service to a federal ideal—and in their hearts all know that an all-India federation is the only sound and durable solution—it is difficult to find any responsible body of opinion ready to accept federation in present circumstances. From the princes' standpoint, it is not difficult to understand why to-day they are hardly enthusiastic federalists. They are perturbed and not a little bewildered by the uneven outcome of the latest Congress technique in agitation. The

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resolution passed at the Haripura Congress convention a year ago * prescribed neutrality in respect of agitations in the states, but left a convenient loophole for individual leaders to "help" the states' peoples. This has been held to justify the action of Congress leaders who placed themselves in touch with discontented caucuses in certain states, and through them fomented agitation, with a threat of direct action. The ulterior motive is not obscure, nor is it disavowed in Congress circles. It is the ambition of the Congress, in case federation is introduced, to be able to form a central Ministry with a working majority, unfettered by the compromises that coalitions entail. It is purely a question of political arithmetic; for, thanks to the reservation of seats for Moslems and other minorities, the Congress cannot obtain that majority except by capturing a large proportion of the seats allotted to the states. Hence the persistent propaganda, especially in the advanced states in which results are more easily achieved.

The deepest concern was caused by the manner in which Congress sent outside volunteers to the states to agitate and stir up trouble. Mysore, Travancore, Hyderabad and Baroda, four advanced states with a high standard of administration, all experienced this interference in some degree. Again, in Rajkot, a backward state, the entire agitation was fostered externally and carried on internally by Congress volunteers from adjacent territory, until finally Mr. Gandhi intervened with what has been termed an innovation in political blackmail.† It is not surprising that the princes began to enquire how the Paramount Power intended to protect them from interference and invasion. While not fundamentally hostile to the federal scheme, they had no intention of signing their own death-warrant. Surely, they said, the Paramount Power should indicate how it proposed to deal with the present situation, and how it intended to carry out its moral and contractual obligations in the future.

* See THE ROUND TABLE, No. 111, June 1938, p. 367.

† See the article on "Mr. Gandhi's Fast," below, p. 398.

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In the present attitude of the states towards federation this issue overshadows all secondary points arising from the revised Instruments of Accession, upon which their views may shortly be expressed thus: "Is the Crown or the Congress to be the Paramount Power?" Should this be thought an unreasonable question, there is illuminating proof of its relevance in a recent article by Mr. Gandhi in his paper, *Harijan*, and the same sentiments were reiterated in his manifesto of March 20:

If the Princes believe that the good of the people is also their good, they will gratefully seek and accept the Congress assistance. It is surely in their interest to cultivate friendly relations with an organisation which bids fair in the future, not very distant, to replace the Paramount Power, let me hope by friendly arrangement. Will they not read the handwriting on the wall?

III. THE POLICY OF THE PARAMOUNT POWER

THE states do read the writing on the wall, and they find no assurance in the thinly-veiled threat. Nor are they pleased to be told bluntly that the terms on which they can buy peace from the Congress are that they shall introduce responsible self-government as the basis of new constitutions, and that the states' representatives in the federal legislature—the all-important matter from the Congress standpoint—shall be elected by the people and not nominated by the rulers. Thus will Congress obtain a majority and, so pessimists fear, will treaties be shorn of significance and India transformed into one vast voting-machine on the totalitarian model. Turning for reassurance to the Paramount Power, the states felt themselves unable to discern any clear-cut policy; and their fears mounted in response to what they regarded as the weak *laissez-faire* attitude of Delhi and Whitehall. If, as they knew full well, the Paramount Power had no intention of abdicating, then they felt that an intelligible policy should be laid down and a sustained effort made to rally in its support all the sound and progressive elements in the country. That did not

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exclude the Right wing of Congress. - In any estimate of the situation it would be wrong to assume that the states are either inherently or irrevocably opposed to every aspect of Congress Right-wing policy. The imperative need was that there should be no further delay in stating the policy of the Paramount Power.

Events were to prove that the Paramount Power was neither as weak nor as puzzled as the deterioration in the situation suggested, though it is reasonable to conclude that an earlier statement was possible and that it would have avoided many unpleasant complications. The way was prepared by cautious but significant statements from Earl Winterton and Lord Zetland in England and by the Viceroy in Calcutta.* The outline of the policy became more definite with Lord Linlithgow's speeches at Jaipur and Jodhpur early in March. Finally, his annual address to the Chamber of Princes in Delhi provided the occasion of unmistakable significance that all interests had anxiously awaited. "I am not ignorant," said the Viceroy, "that in recent times the rulers of Indian states have been passing through, in many cases, a period of stress and difficulty. Far be it from me to deny that there have been many cases in which states have been subjected to attacks which were entirely unjustified, attacks in which one has been unable to trace any scrupulous regard for strict accuracy, or any real desire to promote the welfare of the state or of the people." But, after allowances had been made for such unjustified attacks, it remained true that the princes must take steps in accordance with current trends and place themselves beyond criticism. Public opinion must have an opportunity to express itself, and there must be machinery whereby legitimate grievances could be brought to notice and freely and promptly set right. The problems of absentee rulers, taxation, privy purse and balanced budget, all invited sage advice from the Viceroy: "The more personal the form of rule the greater is the need for the personal touch . . . he

* See THE ROUND TABLE, No. 114, March 1939, p. 356.

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who would be the father of his people must satisfy himself that all classes of his subjects are given their fair share in the benefits of his rule, and that an undue proportion of the revenue of his state is not reserved for his own expenditure."

The Viceroy stressed the sovereign rights of the rulers and the obligations of the Paramount Power to protect those rights. But he stressed no less the obligations of the princes to their subjects, to the Crown, and to their motherland. Assistance and advice would be given, but there would be no pressure on the states. There was, however, a warning that those princes who did not respond could expect little sympathy in future difficulties. Such was the burden of the Viceroy's advice to some six hundred states, to the small and backward among which he commended the wisdom of combining for administrative services.

Here indeed was the vital lead, demanded on the one hand by the states, and on the other by public opinion. In broad outline, the Viceroy's policy closely resembles that propounded by shrewd administrators and statesmen for the last twelve months. His announcement gave a marked impetus to discussions that had already been initiated in a number of states. More states launched enquiries into constitutional possibilities, with a view to providing suitable representative institutions and associating their subjects more closely with the administration. From the joint conclave of the leading Kathiawar states came their own suggestion of instituting and sharing an agency police. Why not, then, it is being asked, an agency judiciary, educational service, public works department, perhaps even a small legislative council, and a general pooling of revenues to provide for the essentials of progress? States in Central India have been invited to consider similar steps towards confederation for administrative purposes, and, if that is accepted, it is no great step to confederation for political purposes. Where there are tributaries which by accident or design have become separated from the parent body, they

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are being invited to consider returning to the latter on favourable terms.

The voluntary acceptance of advice and assistance was mentioned by the Viceroy and emphasised by His Highness the Maharaja of Nawanagar in reply. But none of those directly concerned can be unaware that what is voluntary to-day may not be so to-morrow. Democratic ideals are now too firmly rooted in India for their growth to be resisted. Danger lies also in forcing too rapid a pace of progress. If the states are resolved to reduce the disparity between their administrative and political conditions and those obtaining in British India, they are entitled to ask freedom from forms of pressure that are naturally repugnant to them—pressure which, while it might secure sullen acquiescence in the inevitable, could only sow seeds of future dissension. Here perhaps may be found the value of the personal discussions between Lord Linlithgow and Mr. Gandhi. The latter may be praised or condemned, but the essential thing is his very real power. He is also a very shrewd politician, and, if the cessation of external interference in the states is one practical result of the Delhi discussions, it may be assumed that the Mahatma has been convinced that the states are really moving with the times. Nothing is to be gained by attempting to stampede them.

IV. VARIETY AND COMPROMISE

IT is abundantly clear that more democratic forms of government will steadily be introduced in the Indian states. What those forms shall be, as the Viceroy said, must largely be guided by the passage of time and the practical test of experience. It is undeniable that the states embody ideas more characteristic of India than those to be found in the modern democratic principles that are being introduced and adapted. Furthermore, the states differ so much in their character, needs and traditions that it would be unwise, and possibly retrograde in effect, if there

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were an attempt to force them all into the same rigid mould. It can be said to their credit—and this has not always been conceded during the present controversy—that they began to evolve forms of responsible government before the present agitation assumed either strength or direction. Cochin, for example, has had a legislative council with wide powers for seventeen years. Last year it was decided to entrust the administration of certain departments to a Minister chosen from the elected members and responsible to the council as a whole. A form of dyarchy has thus been introduced. Even had dyarchy been the failure in India that it was so often proclaimed, it is not necessarily unsuitable for an Indian state where the civil servants are usually drawn from the people and have with them the bond of common outlook and interests. Its protagonists in the states to-day realise that “it may only be a stepping-stone to wider forms of democratic institutions,” but claim that in the nascent stages of democratic growth it has the merits of simplicity and feasibility.*

At all events, dyarchic devolution is the basis of advance that has gained the approbation of all enlightened states, and the one on which they are building, with such variations in the superstructure as seem suited to local traditions and requirements. One such interesting variation may be seen in the new Baroda constitution, which in outline and intention resembles that of Cochin. Here the popular Minister will be responsible to the Maharaja himself in much the same manner as the Dewan. The reforms committee, which had a strong non-official element, felt that this method was more likely to achieve the ideals of responsibility and closer association between governors and governed, by enabling the popular Minister to participate in and influence state policy as a whole in a manner which would hardly be possible if he were confined strictly to his own

* *The New Cochin Constitution*, by Sir Shanmukham Chetty, K.C.I.E., Dewan of Cochin. Proceedings of the East India Association, October 18, 1938.

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transferred subjects and made responsible only to the elected majority in the legislative council. Discussions in other enlightened states, such as Mysore, Hyderabad and Travancore, are still in progress, and there is reason to believe that the constitutions evolved will bear a general resemblance to those of Baroda and Cochin. It is of no less importance that a working model is being provided for those smaller states which have adequate resources, and for the combinations and confederations which may be formed among their still smaller or poorer colleagues.

The gradual devolution of autocratic power undoubtedly suggests a trend towards some form of constitutional monarchy in the modern and major states. His Highness of Cochin has not hesitated to say so, and the Maharaja Sahab of Jodhpur, replying to the Viceroy, said that he was afraid neither of federation nor of democracy on the British model. The transfer of power in the progressive states is intended to be real and effective, and few will contend, remembering British models, that there is anything irreconcilable between constitutional monarchy and such forms of democracy as may be suited to India's genius and requirements. Before, however, the states as a whole commit themselves to momentous and probably irrevocable changes, there is one question that should be answered: "Does the Congress accept Dominion status as its goal? If not, of what use are treaties with the Crown, and what is the value of federation if every unit is to be at war with every other unit?" The federal constitution approaches nearly to Dominion status, despite the present difficulties provided by defence and foreign relations. Congress still talks of independence, but there is no clear indication whether the aim is independence of the British connection or the independence conferred by the Statute of Westminster. Informed opinion inclines to the view that Mr. Gandhi and some of his Right-wing colleagues now seek only the latter, but it would relieve much tension, uncertainty and soreness if they were to say so.

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The present controversy now begins to appear in clearer perspective. There are, in fact, two overlapping problems. The possibilities of separate treatment have been obscured by political passions and propaganda, and by the process of evolutionary foreshortening to which India has been subjected for twenty years. The general desire for more liberal constitutions and for administrative efficiency finds its response in the declared policy of the Paramount Power and in the progressive developments in the larger states. In such respects the gap between British India and the Indian states will no doubt be steadily reduced. Democratic institutions will come more slowly in states of lesser resources and size, but they will undoubtedly come. The mass of tiny statelets presents great difficulties, but grouping offers such obvious possibilities that we need not despair of the outcome of the present vigorous approach to them. The first controversial problem, therefore, is being solved by goodwill and understanding and by the inexorable march of democratic thought and ideas.

There remains, then, the purely political problem presented by the Congress agitation to secure the presence in the federal legislature of what they term the elected representatives of the people instead of the nominees of the states. Only by this means, the leaders feel, can they secure a working majority and prevent the stultification of all progressive movements. It is not merely a question of two mutually hostile interests. Apart from the jealousies and ambitions that have always prevented the states from presenting a common front, it is likely that the states' representatives, whether elected or nominated, will be found grouped in their respective economic and territorial groups, and not tied to a particular political school. The result may indeed be very different from that which the Congress expects. It is unfortunate also that the Congress appears to attach little importance to the fact that the states could provide the new federal legislature with many able administrators and statesmen of the type of Sir Mirza Ismail, Sir

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V. T. Krishnamma Chari and Sir Shanmukham Chetty, whose sagacity and experience would be invaluable in the early years of the new dispensation.

If, as it seems, conflicting interests can be reconciled only by political arithmetic, deadlock is not inevitable. The Act provides that the states' representatives are to be nominated by the rulers, but it does not specify any method whereby a ruler must choose them. He may choose arbitrarily, or create machinery for their election, or devise a compromise between the two. It is not unlikely that the progressive states will be prepared, as a first step, to nominate half and to allow half to be elected, thus providing a parallel to the new dyarchic administrations. They are genuinely seeking to readjust themselves to democratic forces which they can guide but cannot resist. The task of fitting into a loose democratic federation a heterogeneous mass of some 600 states in every stage of development obviously bristles with difficulties. No less obviously the way is opening for an understanding between British Indian politicians and the major states. The progressive introduction of liberalised administrations and constitutions can solve one problem. As for the other, if Indian political leaders are willing to honour treaties, to refrain from hostile interference, and to accept Dominion status as their objective, there are reasons for believing that the states might be prepared to concede the election of a proportion of their representatives, and that the Congress high command might accept such a step as a suitable compromise. The alternatives are so unpleasant that we are bound to put our faith in the eventual triumph of reason, goodwill and common sense.

India,

April, 1939

THE GERMAN MILITARY MIND

By a Correspondent

I. WAR THROUGH GERMAN EYES

TO judge from their field manuals alone, there would seem to be hardly any difference at all between the military ideas of the various nations. All of them agree in emphasising the same fundamental and uninspiring truths: the value of the initiative, the necessity of arriving at the decisive point first and with the superior force, the importance of surprise and speed, the need to take precautions against the enemy's counter-action. It is only when we turn from these truisms, and read between the lines, or, better still, when we study the histories of the various armies, that we become aware of those factors which really determine the outlook and the methods of the various national forces. Only then do we begin to appreciate how profound are the differences between the strategic outlooks of the British, the French and the Germans.

The investigation of these subtle national peculiarities in the approach to problems of strategy, or in the preference for certain tactical forms, is relatively easy where, as in Great Britain and to a lesser degree in France, the nations and armies have enjoyed a long spell of gradual evolution; but it is particularly difficult for Germany, whose national life has undergone a complete revolution in recent years. In some respects that revolution has affronted the deepest national instincts, while tending in others to exaggerate national traits to the point of absurdity. The sharp distinction between the traditional outlook of

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the German people—the product, gradually evolved, of their national genius and the accidents of their history—and the theory and practice of the Nazi régime is of particular importance in considering the fundamental background of all military activity, the general attitude of the nation towards war and its problems.

To the Anglo-Saxon peoples, war is an unqualified and, above all, an avoidable calamity. Even to those who do not regard it as radically opposed to the creed and spirit of Christianity, war seems to result from a lack of understanding and from the mismanagement of international relations. It appears as an error that might have been avoided, the blame for which can be apportioned, with a large degree of justice, between the two contending parties. From this point of view the German attitude, which accepts war as a natural, indeed necessary, element of human existence, and therefore as not conflicting with Christian doctrine, is bound at first to appear incomprehensible, not to say blasphemous.

It is easy to point to the contrasting historical experience that has led to this fundamental difference of outlook. On the one hand, we have the comparative immunity from war and invasion enjoyed by the Anglo-Saxon nations behind their silver walls; their long, though not unbroken, experience of the peaceful solution of internal differences, an experience which they are too apt to project upon the fundamentally different external plane; the profound influence of the nonconformist Christian churches. On the other, we have the highly turbulent history of the German people, confined as they have been between the French in the west and the Slavs and the Turks in the east; their memories of the Holy Roman Empire, which endowed the sword with the blessing of the Christian Church, as the bearer of justice and order and the weapon of defence against the infidels; and, last but not least, the profound influence exerted during the nineteenth century by universal military service, which, from the Napoleonic wars

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onwards, played a far larger rôle in the life and thought of the German people than in that of any other nation.

The German claim that war is an inevitable element in human existence is certainly not the expression of an unduly bellicose spirit, nor of a frivolous disregard of law and justice. On the contrary, at its most genuine, it reflects a deep reverence for the fact that man's destiny is dominated by forces mightier than all human will and foresight. Human life, according to this philosophy, is not a peaceful process in which all differences can be equitably adjusted with the exercise of a little good-will on both sides, but a majestic and violent drama in which, as in every tragedy, right conflicts, not with wrong, but with another right. Just for this reason, the German mind feels that the deepest issues cannot be submitted to the judgment of any mortal tribunal, be it the wisest judge or the most objective court of law.

In all great and decisive moves in the international sphere (recently wrote a profound student of the international outlook of the German people *), wherever not "episodes" but "epochs" are in the balance, the conflict of one State with another over certain rights or interests is merely the outward and visible sign of a far more fundamental conflict. . . . The act whereby the conflict is composed constitutes not a judgment or a settlement, establishing rights, but a balance-sheet showing the rank that the nations concerned have established for themselves in the struggle. The world war, in its deepest aspects, was no struggle for certain rights or interests, any more than the war of American Independence was a conflict about tea-boxes; and the treaty of Versailles forms as little the legal documentation of the settlement of extensive and complicated quarrels as did the treaty of 1648; but its stipulations provide the complex and often scarcely decipherable signs by which the new rank of some nations, their weight in the balance of history, has been expounded.

From this point of view—which, the author goes on to claim, is the result, not of a mystical belief in "blood and iron", but of an unbiased attention to the facts of history—the attempt to eliminate war altogether through the setting-up of a League of Nations, or any other form of collective security, must appear to be based on an erroneous,

* Dr. Karl Schmid, in the *New Commonwealth Quarterly*.

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indeed a superficial and irreverent, conception of human destiny. For by seeking to obviate the ultimate recourse to the sword it threatens to withdraw the fate of the world from the soldier risking his life for his cause, and entrust it to the pettifogging lawyer. Moreover, by trying to achieve what is neither possible nor desirable—it was Moltke who declared that “eternal peace is but a dream, and not even a pleasant dream”—it is bound to end sooner or later in disaster infinitely worse than the hardship that it has vainly set out to abolish. Here, in fact, lies a much deeper source of German distrust of the League of Nations than the unfortunate connection with the treaty of Versailles. That such sentiments are neither a purely German perversity nor incompatible with the deepest religious feeling is shown by the example of the famous American naval historian, Admiral Mahan; in all his work, and particularly in his collected essays on *Some Neglected Aspects of War* and in *Armaments and Arbitration*, Mahan took his stand upon exactly the same doctrine, though he wrote as a devout and earnest Christian, in which character he was respected by everybody who came into contact with him.

The German people, steeped in this concept of war as a sort of “trial by battle”, have tended to regard war as essentially a conflict between the armed forces of the States concerned, and not as involving their civilian populations. To the German people, war is—or rather, has been—a struggle in which, in the words of Rousseau,* the individuals are enemies only by chance, not, indeed, as individuals, but merely in their function as soldiers; this in contrast to the more natural view, which has always been held in Great Britain, that war constitutes a state of enmity between all individual citizens of the belligerent parties, as well as between those parties themselves, and that there can be no economic peace side by side with a conflict in arms.†

* *Contrat Social*, I. 4.

† Cf. Dr. Hugo Richarz, *Wehrhafte Wirtschaft*, pp. 10-11.

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The former artificial distinction, however, persisted in Germany until the beginning of the world war, when it broke down under the impact of the mass emotions aroused by that struggle. It broke down, that is, among the civilian population. At the front, the old spirit still retained its influence, and nothing in the whole of the Allied propaganda—in itself felt to be an “unfair” method of waging war—aroused such fierce resentment as the exaggeration of misdeeds inseparable from any great army in the field, and of hardships inevitably imposed upon the civilian population of the invaded areas. The general accusation of “unchivalrous conduct”, which was built on these charges, was bitterly repudiated precisely because the German army felt itself to be imbued with the very opposite tradition, and, as far as possible, to be living up to it.

It is hardly necessary to point out how fundamentally this traditional German outlook upon war has been distorted and perverted in many respects by the Nazi régime. No attempts to disguise it or explain it away can conceal the gulf that yawns irreconcilably between the traditions of the German army and the spirit of the Nazi party. However much the German army as a whole may have come gradually under the influence of Nazi propaganda, the individual German soldier, again and again—in Austria, during the November pogroms, in Czechoslovakia—has openly dissociated himself from the shameful deeds of “bravery” that the Third Reich has performed towards those who could not defend themselves.

II. THE GERMAN CONCEPT OF STRATEGY

IN the military sphere, this idea of war as a purely military struggle between two opposing armies, added to the thoroughness of the German mind, has resulted in a unique mastery of the meaning and the possibilities of strategy. In fact, during the greater part of the nineteenth century,

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Prussia-Germany enjoyed a virtual monopoly in the "higher conduct of war". A series of outstanding strategists and military organisers—Scharnhorst, Clausewitz, Moltke, Schlieffen—taking up, where he had left it, the decisive, mobile strategy inaugurated by Napoleon, pursued it to its logical conclusion, and adapted it to the new means of transport and communication as well as to modern mass armies.

The concept of the "conduct of operations" that they evolved was derived from what may best be described as the idea of "pure strategy". War was envisaged as a strictly autonomous military act, directed according to its inner strategical logic towards one decisive aim, the overthrow of the enemy's forces in the field. The idea was that all other considerations, political or economic in character, being extraneous to the strict military *rationale*, could only divert military action from the course best calculated to achieve that aim. Whatever their urgency, they therefore had to be rigidly excluded; for the attainment of the supreme objective would make good all sacrifices or disadvantages incurred in the meantime. This notion of the overriding importance of the military factor led to severe friction between Moltke and Bismarck in 1870, and was responsible for the march through Belgium in 1914; moreover, it misled the German navy, as its spokesmen to-day frankly admit, into a wholly erroneous conception of naval warfare as a purely military struggle between the opposing fleets, instead of a fight for the control of vital sea communications.

It was held to be the aim of strategy to accomplish the overthrow of the enemy rather by movement than by straightforward fighting—movement conceived, not in the eighteenth-century fashion as a means of waging war without resorting to the doubtful expedient of battle, but on the contrary as a means of bringing about the complete discomfiture of the enemy by keeping him "on the run" and forcing him to expose his flanks and rear to decisive

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strokes. In such wide sweeping movements as Napoleon's advance upon Ulm in 1805, or the Schlieffen Plan of 1914, or, conversely, the great strategic retreat of the Russians, which broke up the *Grande Armée*, rather than in the actual direction of the forces in battle, German military thought saw—and still sees—reflected the true greatness of a commander, the creative aspect of the art of war, and the proper sphere of strategy.

The appreciation of "movement" as the essence of strategy is but the reflection of a fundamental feature of German military thought, which perhaps more than any other serves to distinguish it from that of other nations: its habit of looking upon the campaign, or war, as a whole. While French, British and other military thinkers, conceiving military theory as a series of ill-defined principles, indiscriminately applied to tactics and to strategy, have tended to concentrate upon the conduct of the individual action, German strategic thought, particularly that of its great master, Carl von Clausewitz, owes its mastery of the art of war to its realisation that the deepest problems in the conduct of war do not emerge from the individual operations, taken by themselves, but only from their co-ordination into a continuous, coherent whole.

This idea of the "inner continuity of the military effort" does not mean, as is sometimes contended by French critics, that strategic operations must be conducted according to a preconceived plan. That was not true even of the famous Schlieffen Plan. It means something infinitely more elastic and more difficult: continuous adaptation of events to the objective of the campaign, through the superior will and intelligence of the commander. Far more ambitious than the French notion of manœuvring for a suitable opening, this German conception of strategy as a coherent "system of expedients" demands of the commander more than mere talent, or the painstaking intelligence and skill of the French ideal of the *officier instruit*. It demands a creative power to bend events to his will, a faculty little short

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of genius. Count Schlieffen, recently taken severely to task by prominent German military critics for his failure to allow for mediocrity, and for the superhuman nature of his demands upon leadership, had only developed the implications of German strategic thought to their logical conclusion. When, in 1914, in the hands of men who lacked the drop of Samuel's oil by which Schlieffen symbolised the genius of the born captain, his plan broke down, and when the power of the machine gun transformed the war of movement into the grim and laborious struggle of trench warfare, the internal and external limitations of that strategy were suddenly revealed. Yet so strong was the grip that it had established upon the thought of the German general staff that neither during that conflict nor since have they realised how fundamental is the revision thus made necessary.

German military thought has not, indeed, been blind to the new developments. It has completely thrown over the former tendency towards "pure strategy", fully recognising to-day the importance of political and economic considerations. In many other points it has shown a keen perception of the changes that have occurred since 1914, although it still hopes to return to the war of movement. But it has grafted these newly acquired ideas upon the old doctrine, without recognising their utter incompatibility with it, and has thus unwittingly discarded that conception of war as a whole upon which German strategy, more than that of any other nation, depends for its successful execution.

III. TACTICS AND DISCIPLINE

LIKE German strategy, German tactics are characterised by their freedom from restraining rules or methods. They are designed to allow the individual commander the greatest possible liberty in adapting himself to the concrete situation that confronts him and in exploiting it to military advantage. Here is a complete contrast with

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the French tendency to evolve carefully thought-out patterns of conduct for every conceivable contingency, a method that the German mind rejects as too complicated, too slow, and above all too rigid.

The German commander is allowed a latitude in his tactical decisions such as exists in no other army. It has not always been so. Under Frederick the Great, so strict was the control of officers, even on isolated duty, so fierce was the king's insistence upon the precise execution of his orders, that they did much to quench the spirit of initiative aroused in his generals by his own heroic example. But after his death, and in particular after the breakdown of his system in the catastrophes of Jena and Auerstädt, the pendulum swung to the opposite extreme, and it has remained there ever since. Prince Frederick Charles of Prussia, the great military organiser of the middle of the nineteenth century, wrote in 1860 :

Prussian officers cannot be subjected to restrictions by regulations and tactical schemes such as are in force in Russia, Austria and Great Britain. With our officers, it would not be possible to fight a defensive battle on such regular lines as Wellington adopted. . . . With us, the generals are ready to engage freely in all kinds of enterprises on their own account, without the knowledge and the assent of the commander-in-chief, and to exploit to the utmost all successes gained.

A great measure of independence is granted to the commander, not only in the undertaking and pursuit of actions on his own account, but above all in the execution of his orders. As the man on the spot he is not merely authorised but indeed expected to correct his orders on his own initiative as soon as he realises that they do not fit the situation. The outcry of an old general, "Sir, the reason why the king has made you a staff officer is that you should know when *not* to obey your orders", is one of the most famous *bon mots* of the German army. Such ability to exploit the peculiar features of a given situation demands the greatest rapidity both in decision and in execution. German tactical training, therefore, ranks speed and vigour in

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execution above the correct form of the action, or above that care for ensuring "security" which characterises French tactical ideas. German tactical skill is felt to find its most congenial conditions, not so much in regular attack or defence, as in the free encounter of mobile warfare. Although, to-day, with the immense complication of units, equipment and tactical methods, such free action is acknowledged to have become far more difficult than formerly, great attention is being paid in Germany to a thorough training of the troops for a war of movement, special care being devoted to reducing as far as possible the inevitable time-lag between the infantry's deploying into action and the readiness of the artillery to support it.

The German soldier therefore claims the attack, in which above all he finds the sense of swift and vigorous combat, as his specific national form of action. Not that he underrates the romantic *élan* of the French, the dogged stubbornness of the British, the crude bravery of the Russian attack; but all these nations, he finds, show an even greater aptitude for the defence. In the swift and irresistible onrush, on the other hand, with which from the days of the Romans to the world war his forefathers used to overrun their opponents, he recognises his own peculiar heritage, the expression of his sanguine temperament. In its strange exhilaration he feels the very soul of war vibrating. He believes that the dashing spirit of attack, regardless of loss, has often served to snatch victory from the very jaws of defeat.

Before the world war, the German army made the mistake of retaining its rigid forms of infantry attack, and seriously neglecting the assistance of the artillery. To-day, not only have these two defects been thoroughly remedied, but the very restrictions of the treaty of Versailles, which deprived the Reichswehr of tanks and heavy artillery, obliged it to develop the power of attack to the utmost, with the result that the German army probably leads all other forces in its training for modern elastic attack. It believes that, when the mechanical equipment of the armies

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of to-day neutralises itself in a deadlock, victory will fall to the better trained infantry, and, above all, to the infantry trained to dispense if necessary with the assistance of the tank.

In the same way the world war brought about a profound change in the German army's attitude towards the technical factor in modern warfare. Before the war, the intense emphasis laid upon the spirit of the infantry attack had led to a serious underestimation in the German army—as compared, for instance, with the French army—of the importance of the technical factor. Despite their rapidly growing importance, the members of the technical branches were looked down upon by the “real soldiers”. In order to achieve promotion in his service, the sapper had to prove to his superiors that he was no sapper, but an infantryman, while the field artillery concentrated to such an extent upon the cavalry part of its work, driving and riding, that it not only neglected shooting, but also sacrificed valuable points in its guns and munition train in order to keep them sufficiently light for a gallop. Only the heavy artillery, free from such distracting influences, developed to the full the means at its disposal.

Under the influence of the world war, this outlook has undergone a radical change. The military spirit of the technical soldier is no longer questioned, although a certain soreness on this point still persisted only a few years ago. The importance of the fullest use of all technical resources is very strongly emphasised. The training of the various technical branches—sappers, mechanised units and artillery—is at a very high standard. In particular, the field artillery has completely made good the lag formerly existing between its own and the heavy artillery's methods of fire direction and spotting.

Yet pronounced contrasts with the comparable services of other armies still exist. As a German artillery officer recently pointed out,* the German officer's attitude towards

* Dr. Horst Herrmann, *Der Offizier als Mathematiker*.

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shooting, and in particular towards mathematical ranging, differs fundamentally from that of his French opposite number. The French officer is not satisfied with merely accepting the rules he is instructed to follow, but feels personally responsible for their adequacy, and constantly re-examines their basis, elaborating new mathematical methods that appeal to his taste, as an elegant solution of a problem, no less than to his scientific spirit. The German artillery officer, on the contrary, considers the relatively simple methods laid down in his regulations as fully adequate and above doubt. His concern is not with their critical examination, but exclusively with their application to varied circumstances. In this, however, he is disinclined to fetter himself with mathematical methods of fire-direction, however brilliant. For the sake of an enlarged freedom in exploiting the situation, he is ready to renounce their many and great advantages: the ease and simplicity of their application, the infinitely smaller physical and psychological strain that they impose, the facility in taking over from another command. Admitting that mathematical fire-direction may prove superior in stable warfare, he feels that it cannot compete with his own free methods in mobile warfare, in which during the world war the German artillery always achieved its best results.

A parallel change has been brought about by the world war in the German army's attitude towards discipline and obedience. Since the days of Frederick the Great, when obedience was exalted into the cardinal virtue, any infraction of which was unforgivable, the Prusso-German army has been prone to identify military efficiency with strictness of discipline, and to judge other forces too much by this standard. Even when it was fundamentally altered in inner structure from a mercenary force into a national army in the time of Napoleon, the strict outer forms were left untouched, although indeed the spirit in which they were applied from that time onwards was more paternal and less mechanical than the foreign observer might

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imagine. Yet the utter breakdown of the morale of the German army in the autumn of 1918 showed that mere external strictness, tempered by paternalistic benevolence, was not enough, and that the relations between the leaders and the led must be placed upon a broader and firmer foundation, if they were to survive a similar strain in the future. Since the end of the war, therefore, the chief preoccupation of the German military authorities has been to assure the morale and inner coherence of their force against a similar catastrophe. Without in any way relaxing the outer forms of discipline, the German army has been at pains to forge the relations between the leaders and the led in the shape, no longer of mere external authority, but of a real inner bond. The young officer is taught as his primary duty to win the confidence of his men, and to establish a real feeling of comradeship with them—without thereby endangering his authority. The new, airy barracks with their whitewashed and gaily adorned walls, the care taken in the preparation of the food, and the higher pay, are an outward expression of this greatly increased solicitude for the well-being of the rank and file.

In this recognition of the soldier's individuality, the German army is but paying tribute to the exigencies of present-day infantry tactics, which demand a vastly increased measure of initiative and independence on the part of the private soldier. The close formations of pre-war tactics left to the officers the tactical skill whereby the units of man-power became instruments of action. The new tactics, based upon the personal initiative of the individual soldier or the small machine-gun squad, have made imperative a far more meticulous and individual training. This modern training is designed to develop, not only the traditional offensive spirit of the German soldier, but above all those qualities of enterprise and intelligent adaptation to circumstances in which he has hitherto shown himself relatively deficient, and in which the French soldier was recognised to be superior in the war of 1914-18.

BRITISH SHIPPING IN THE ORIENT

UNLESS a prompt and concerted effort is made by the British nations, shipping under their flags in the Far East is doomed to decay. That is the inescapable conclusion of the latest report of the Imperial Shipping Committee.* And as the British mercantile marine declines, anywhere in the world, so the strength of the whole Commonwealth in face of danger is sapped. For the sea is its arterial system, and trade and shipping are the twin corpuscles of its blood stream.

I. WHERE THE SHOE PINCHES

THE report, which is exceptionally valuable and frank, contains a mass of luminous figures and other information. It appears that the danger of decay of British shipping in the East chiefly menaces four main routes: between the Orient and North America; between Japan and India, Burma, Ceylon and Malaya, *via* Singapore; between Japan and Australasia; and the coastal and riverine trade of China. Foreign competition has also begun to eat into the coastal shipping trade of India and Burma, and beyond India to the Persian Gulf, East Africa and the Cape, slowly but like a smouldering fire. On the remaining great Oriental shipping routes of importance to the mercantile marine of the British Commonwealth, namely, the routes between Europe and the East *via* the Cape and Suez, British shipping has held its own. There, it maintains a

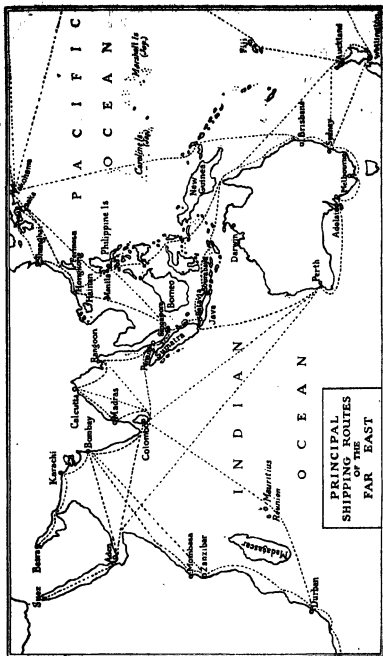
* *British Shipping in the Orient*. Thirty-eighth report of the Imperial Shipping Committee.

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long lead over its competitors—mostly European countries—with between 40 and 50 per cent. of the tonnage passing and of the cargo and passengers carried. This Europe-Orient traffic accounts for about one-half of the £33,000,000 which United Kingdom shipping earned in Oriental trades in 1936. That sum was about one-quarter of the gross receipts of the United Kingdom shipping industry from the carriage of cargo and passengers all over the world. In the Oriental routes on which British shipping is seriously threatened, therefore, we are apparently concerned with roughly one-eighth of the total British shipping interest. This figure, however, does not take account of British shipping not based on the United Kingdom.

The coastal and riverine shipping of China is in a different position from the other threatened categories because its present state is pre-eminently affected by the Sino-Japanese war, on the outcome of which its future manifestly depends. According to the trends that were visible in 1936, when China and Japan were at peace, two things were likely to happen. First, both Japanese and Chinese shipping would continue to encroach on the British position in the lower Yangtze. Secondly, although the rising prosperity of China would bring more grist to the mill of all concerned in her trade, her own protective tariff would probably diminish her imports of goods shipped in British and other foreign bottoms; her strengthening nationalism might also lead her to take for her own ships a growing share of her coastal and interior water-borne trade, or to foster the traffic by alternative railway routes. Estimates of the future, in the light of actual events since 1936, can only be hypothetical. If Japan beats China to her knees, and permanently retains her present forcible command of China's coast and ports, then she will undoubtedly take as much of the Chinese shipping traffic for herself as she has the means to supply. If, on the other hand, Japan's effort collapses under its own weight, and a victorious China sweeps back to the coast, a period of exhaustion and

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probably disorder might be followed by a torrent of Chinese nationalism. The second, however, is clearly the preferable alternative for British shipping interests in China.*

The remaining three categories of shipping in the Orient in which the British position is menaced are all alike, in that they are on routes between Japan and British or other territories in whose external trade British shipping has had a very great interest. They are: Japan to the lands of the Orient that lie west of Singapore, particularly India; Japan to Australasia; and Japan to the east coast of the Americas *via* Panama, together with the northern trans-Pacific route to the west coast. The chief and most damaging competitor is of course Japan herself. By far the greater part (nearly 80 per cent.) of Japanese shipping is occupied in carrying the exports and imports of its home country. In 1913, one-half of Japan's foreign trade by value was carried in Japanese bottoms, and 29 per cent. in British. By 1935, the Japanese share had risen to two-thirds, while the British share had fallen to 11 per cent. A further fraction of some 3 per cent. must be added to the Japanese share, making it nearly 70 per cent., to account for ships registered in Dairen or China but owned in Japan. British shipping earnings from carriage to and from the Japanese empire—liner, tanker and tramp—were of the order of £4 million to £5 million per annum in 1935 and 1936.

In the trade between Japan and the Americas, British liner interests are small and are declining, the United States being the chief victim of Japanese competition. British tramp and tanker interests, however, are still considerable. On the north Pacific route, the Canadian Pacific line is well established, but the future of the Blue Funnel line is uncertain, as its vessels are due for replacement but have not been earning enough to cover depreciation. There

* See article on "The Future in China," in *THE ROUND TABLE*, No. 114, March 1939, pp. 309-22.

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are three Japanese lines competing with the Blue Funnel, which has also suffered from a special cause. Raw silk exported from Japan to the United States used to be carried to the west coast in British and American vessels, and forwarded eastward by rail. With the fall in the price of silk, the traffic could not bear the rail freight, and under Japanese initiative it was directed to the cheaper all-water route *via* Panama, on which it is carried very largely in Japanese ships. On the journey from the east coast of the United States to Japan, British lines have been unable to obtain cargoes of raw cotton for Japan as they did formerly, presumably because the Japanese merchants have taken to buying cotton *f.o.b.** in the United States—a device that has served Japanese shipping well in other commodity trades.

In 1935 and 1936 there was also severe Japanese competition in the important rubber shipping trade between the Straits and the east coast of North America, a trade previously carried on by four British and two American lines on a round-the-world basis, the return voyage being *via* the Cape or Suez. When the new competitive struggle was at an inconclusive stage, however, Japanese shipping was diverted as a result of the war with China, and the pressure from the Japanese lines relaxed.

The ambitions of Japanese shipowners in the Pacific area are revealed in the following passage from an article by the President of the Shipowners' Association of Japan, written in 1937 :

As has been repeatedly stated, the stream of trade in the Pacific will expand tremendously in the future. But as there are no countries bordering the Pacific that are specifically shipping countries, our country with its favourable geographic position should obtain the carriage of most of this trade and it will be an excellent sphere of activity for our tramps. The tendency is for passenger traffic to increase daily in the future along with the

* "Free on board", that is to say, bought from the supplier in the country of shipment; contrasted with *c.i.f.*, "carriage and insurance free", that is to say, bought on arrival in the country of destination.

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economic and cultural development of the countries on the coasts of the Pacific. Therefore it is the duty of the passenger ships of our country to take an active rôle in this direction in the future. . . .*

These ambitions are legitimate, and we need not grudge them to Japan. But around the Pacific rim lie three great British Dominions and several important British colonies, and although these are not "specifically shipping countries" they are parts of a Commonwealth which commercially and strategically stands or falls by its strength upon the high seas, in mercantile marine as well as navies.

In 1936, about 19 per cent. of Australia's exports went to the Orient, whence she drew 17 per cent. of her imports, Japan being by far the most important Oriental market for Australian products, particularly wool. Of the liner trade between Australia and Japan, based mainly on the export of Australian wool, Japanese vessels carry about 80 per cent. There is only one British liner service from Australia to Japan, which operates three old vessels. This line has had to meet the increasingly severe competition of four Japanese lines, which operate more than a dozen vessels, including some of the most modern types, and are building more. There is a large trade in wheat and ore from Australia to Japan and China. The trade is carried almost entirely in tramps, and only a very small part of it in liners. Here again, an increasing proportion has been done in Japanese vessels. By purchasing wheat and ores *f.o.b.* in Australia, the Japanese merchant or agent is in a position to choose the vessel for shipment. There is no Japanese competition in the liner trade between Australia and the Netherlands East Indies and Malaya.

The proportion of New Zealand trade with the Orient is very much smaller than that of Australia and is almost entirely to

* International Marine Transport, Vol. XII of the *Complete Library of Railways and Communications*, published by the Shunkosha in Tokyo, September 1937. Chapter XII, Section 5. The writer significantly went on to draw attention to the American neutrality law, which stipulated that in time of war belligerents requiring American produce must fetch it in their own ships.

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and from Japan. Nevertheless both the proportion and the value are beginning to grow. . . . Almost the whole of this trade is carried in Japanese liners owned by one or other of the companies in the Australia-Japan Liner Conference.*

The shipment of wool and other Australian and New Zealand products *f.o.b.* contributes to the advantage of the Japanese lines and tramp-owners. In other sections of the traffic it is the competitive pull of lower costs and newer ships (to some extent subsidised under scrap-and-build schemes) that gains the day for Japan. It has not been easy to persuade Australian and New Zealand producers that in the long run it may not pay them to use the cheaper shipping facilities, since the disappearance of British shipping from those routes would not only weaken their defences as partners in a maritime empire but might also leave them economically at the mercy of monopolistic shipping and merchanting interests.

It is in the trade between Japan and the British countries of the Middle and Far East that the pinch of Japan's highly organised system of linked manufacturing, merchanting and shipping interests has been most keenly felt.

Japanese cargo liners and tramps carry a large trade in iron ore from British Malaya, and M.B.K.† does a trade in rubber between the same two countries. Very little of these trades appears to be in British ships, although the commodities carried are derived from British protected territory.

The Japanese lines which ply in the trades with India have their terminal either at Calcutta or Bombay. Almost the whole of these trades was formerly carried in British vessels, but Japanese vessels carry to-day approximately 30 per cent. of the Calcutta trade and 80 per cent. of the Bombay trade, and on both routes traffic is picked up at intermediate ports. The Calcutta-Japanese vessels carry no less than 80 per cent. of the cargo trade between Burma and Japan. The Bombay-Japanese vessels are offering increasingly severe competition with British shipping between Japan and Colombo, between Colombo and Bombay, and between Hong Kong and Bombay.

The Japanese trades to the Persian Gulf and to East Africa

* *British Shipping in the Orient*, p. 44.

† Mitsui Bussan Kaisha, a great Japanese business house which has a secondary interest in shipping.

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were formerly carried either in British or Japanese vessels to India, and there transhipped to vessels of the British India Company. Both trades are now conducted in Japanese vessels offering a direct service.*

II. THE BASES OF JAPANESE COMPETITION

THE Imperial Shipping Committee was at some pains to seek the causes of the relative decline of British shipping in the face of Japanese (and in some directions other foreign) competition in the Far East. German, Italian and United States ships are fairly heavily subsidised in different ways, French and Netherlands ships less so. Japanese subsidies have largely taken the form of subventions on the replacement of old tonnage by new. By the early part of 1937, three successive scrap-and-build schemes had resulted in the scrapping of some 500,000 tons gross of old tonnage and the construction of forty-eight fast new ships of some 300,000 tons gross. A fourth scheme, which came into operation in April 1937, provides for the subsidised construction of high-class passenger and passenger-cargo liners of not less than 6,000 gross tons and 19 knots speed, at rates of subsidy approximating in some cases to half the building cost. The subsidies, though payable by instalments spread over eighteen years, are to be paid in respect of construction during the four years 1937-41 of 150,000 gross tons of passenger vessels and 150,000 gross tons of passenger-cargo vessels, the total subsidy envisaged being over 50 million yen (£3,000,000 sterling at current rates of exchange). The Japanese Government has also enabled shipbuilders to raise loans at artificially low rates of interest. Compared with the assistance for building, subsidies for operation have been small. From 1931 to 1938, operating subsidies averaged about 13,500,000 yen a year, or say £1,000,000, only about half of which was paid for trans-oceanic services, the greater part of this sum being allotted

* *British Shipping in the Orient*, p. 35.

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to the trans-Pacific lines. Japan also pays a tramp subsidy at approximately the same rate as the British tramp subsidy which was paid in 1935 and 1936, was then discontinued because freight rates had risen, and has now been renewed.

It is difficult to isolate the competitive effect of currency depreciation, since its incidence varies in the different items of shipping companies' costs. The effects of depreciation and the lower Oriental standard of living can best be taken together, as the Imperial Shipping Committee take them, in a comparison of British and Japanese cost schedules for building and operating ships of similar type. The Committee learnt that a Japanese cargo liner of some 6,000 tons gross, with Diesel engine and 12 knots speed, would have cost the equivalent of about £140,000 in 1936, and that a comparable British vessel would have cost about £160,000. Since 1936 the consequences of the China war have brought Japanese and British shipbuilding costs more closely together. The annual operating costs of a medium-sized British cargo liner were about £40,000, compared with about £35,000 for a similar Japanese vessel, with its lower scale of pay, victualling costs and expenses of management. This margin, though considerable, might not by itself be decisive. The Committee was inclined to view with greater apprehension the possible future effect of exchange-control systems, which may virtually oblige a shipper or importer, in the country exercising control, to ship in vessels under that country's own flag. The system has so far had visibly serious results in the Orient only in regard to German shipping. The stringent system of exchange control recently adopted in Japan has not yet been in operation long enough, or in sufficiently normal conditions, to enable the effect on the shipping trade to be estimated.

One of the most potent instruments of Japanese shipping competition is the close vertical and horizontal organisation of Japan's industry, commerce and transport.

Practically the whole of the large-scale enterprise of Japan is under the financial control of one or other of three great family

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businesses (known in Japan as "Zaibatsu,"* or money-groups) —Mitsubishi, Sumitomo and Mitsui. . . .

A single Zaibatsu can build ships in its own yard, operate them, provide them with fuel from its own mines or storage tanks, insure them and their cargoes, load and unload them, warehouse the cargoes and discount the warrants at its own bank. Its merchanting companies provide a considerable proportion of the cargoes carried, both outward and inward, and of these goods in turn a substantial part comprises raw materials for its own factories, or finished articles produced by those factories. . . .†

Horizontal as well as vertical organisation has also been important in the relations between Japanese industry and oversea shipping, more especially in the Bombay-Japan cotton trade. Some 97 per cent. of the Japanese cotton spinning industry is organised in an association called Rengokai, which has represented it in dealings with shipping firms. By contrast with this ordered system, British shipping and merchanting in the Far East are conducted by a host of independent and competing firms.

The Imperial Shipping Committee quote a number of cases to show the effect of Japanese commercial solidarity in the history of the various shipping conferences, which fix freight rates, regulate competition and maintain the system of deferred rebates to "loyal" shippers in the various Eastern trades. In the Bombay-Japan conference, for example, the original agreement, which was reached in 1888, gave the British line (the P. & O.) 39/60ths of the "upward" traffic (*i.e.* Bombay to Japan). By 1913 two Japanese lines, the N.Y.K. and the O.S.K.,‡ had obtained an allotment of 40 per cent. of the traffic, the share of the P. & O. being reduced to 28 per cent. The war brought about the retirement of the Italian and Austrian lines, and the three remaining members then agreed to share the traffic in equal thirds. The N.Y.K. had been

* There is a fourth Zaibatsu, Yasuda, but this is mainly interested in finance, and is not involved in shipping.

† *British Shipping in the Orient*, pp. 72-4.

‡ Nippon Yusen Kaisha and Osaka Shosen Kaisha.

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admitted after a prolonged struggle in which the decisive factor was the loyalty of the Rengokai to the Japanese line, coupled with the practice—still continued—of buying raw cotton in such a way that its ownership passed into Japanese hands before it left India. The O.S.K. was in turn admitted under pressure from the N.Y.K. In 1925 the two Japanese lines together used their influence to secure for still a third, the K.K.K.,* rights to participate in the conference, in the shape of a limited number of permitted sailings a year. Lately another Japanese line, the M.B.K., has come into competition with the conference lines, seeking to carry in one direction the products of Mitsui factories and in the other the raw material for them. Its admission to the conference is being supported by the N.Y.K. and the O.S.K., on condition that their own proportion of the trade is not diminished. A still further handicap for the P. & O. is the fact that the "upward" freight rates are fixed, not by the conference, but by agreement between the N.Y.K. and the Rengokai, and are settled at a level which is unremunerative to the British line.

That is a typical example of the way in which Japanese mercantile organisation and national solidarity have driven the wedge further and further into British shipping interests in the East. On the route between Japan and Australia the position is even worse; for the British line (the Eastern and Australian), which was once alone in the trade, now faces three Japanese competitors, takes only a 22½ per cent. share in a freight pooling arrangement, and is threatened with extinction altogether. It can afford neither to go on running its old ships nor to build new ones, in face of the kind of competition that it has to meet. As Mr. W. L. Hitchens, a member of the Imperial Shipping Committee, said in his chairman's address to the annual meeting of Messrs. Cammell Laird and Company :

Perhaps the greatest advantage that Japan has is a unity of purpose and a unity of direction and control which are

* Kokusai Kisen Kaisha.

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conspicuously absent where Imperial shipping is concerned. A rabble cannot stand up against a highly organised and well-led army, however efficient the units comprising the rabble may be. There is no unity of policy, direction, or control to be found among those States of the British Empire to whom British sea power in the Far East is a matter of life and death.

Because the root of the trouble lies here rather than in finance, the measures of government assistance to British shipping, announced by the President of the Board of Trade on March 28, valuable as they are, cannot by themselves be more than a palliative for the trouble in the Far Eastern shipping trade. The measures include a subsidy of £2,750,000 a year for five years for tramp shipping other than coasting vessels, on the understanding that an international scheme will be reached for adjusting the volume of tramp tonnage to the demand; the appointment of an advisory committee to consider applications for assistance from liner companies threatened by subsidised or otherwise unfairly aided foreign competition, on condition that the liner section of the shipping industry should organise itself to put up the required defence without government financial assistance if possible; the allocation of a maximum of £500,000 a year for the next five years to subsidise, on an appropriate scale, owners of new tramps or cargo liners (other than refrigerated or passenger vessels) ordered in the next few months from United Kingdom shipbuilders; the provision of £10,000,000 for loans to shipowners, on favourable terms, over a period of two years, for the purpose of building in Great Britain vessels of the same class; and the investment of £2,000,000 in suitable vessels on the United Kingdom register which, though still capable of service, would otherwise be sold to foreign owners or for breaking up, the object being to maintain such ships in sound condition as a reserve of tonnage for an emergency.

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III. AN IMPERIAL AUTHORITY REQUIRED

THESE comprehensive and costly measures cannot do other than strengthen the resources of United Kingdom shipping concerns all over the world, and enhance their bargaining power in negotiations concerning freight rates or the apportionment of trade between themselves and their competitors. But there are two reasons why, in the Far East, they can only be a preliminary reinforcement; why, indeed, even if subsidies enabled a whole fleet of new British ships to be built to compete with the fast modern Japanese vessels which to-day attract the custom of shippers in the Orient and the Pacific area, British shipping might still be unable to regain the position that it ought to hold in the wider interests of the British Commonwealth of Nations. The first reason is the fact, already stressed, that Japan presents a united front—merchants, manufacturers, shipping lines, government—to the disarray of British interests. The second reason is that not only the United Kingdom, but also other nations of the British Commonwealth—Australia, New Zealand, Canada, South Africa, India and a number of colonial governments—are intimately concerned with the problem.

In his statement of March 28, the President of the Board of Trade undertook that the Government would continue to take all possible steps to promote the interests of British shipping in connection with trade negotiations with foreign Governments; and that, where a request was made for assistance and where other parts of the British Commonwealth were concerned, the Government would bear in mind the Imperial Conference recommendation that the various British Governments should then consult together. The Imperial Shipping Committee, after stressing the need for greater co-operation between the producers and shippers and the shipping companies, and among the different ship-owners themselves, and for a greater degree of local responsibility in the management of British shipping in

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the East, invited the "early and serious consideration by the Governments of the Empire" of a proposal to develop "some new form of organisation, appointed by the Governments concerned and specially charged to watch over British shipping in Middle and Far Eastern waters".

The proposal, though put forward by the Committee only for consideration and without recommendations on details, implies a far-reaching reform. At present there is no authority capable of formulating and carrying out a British Commonwealth shipping policy. The Imperial Shipping Committee is but an advisory body which undertakes specific investigations, without any executive power. The Imperial Conference considers shipping questions in general terms, but it meets infrequently and has no continuing authority, indeed no joint executive authority of its own even when it is assembled. The only sample of a permanent all-Commonwealth authority armed with administrative powers and the funds to carry them out is the Imperial War Graves Commission, whose record is one of unbroken success. Some such organ is urgently needed for shipping. A special case has been made out for action on these lines in respect of shipping in the Orient. Such an authority should be possessed of funds, subscribed in fair proportions by the participating governments, for the necessary subsidisation of shipping under any British flag, and should have authority to impose terms before the subsidies are granted or other aid given.

The latter condition is important because, unhappily, some of the British shipping lines have been far from doing everything possible for themselves in the way of economic management, modern methods, and service to passengers and shippers. Among travellers in the Far East, British lines are notorious for a lack of friendliness, evident will to please and attention to detail in service, which their competitors are able to show without sacrifice of anything but stiff-necked pride. If their commercial methods are equally unaccommodating it is no wonder

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that they have been losing ground. These and other defects must be remedied; for, if the British lines will not help themselves, no one else can help them. Yet that is no reason for failing to tackle at the same time the problem of Commonwealth co-operation, which is equally urgent.

The nations of the British Commonwealth that participate in the Eastern trades are jointly rather than severally concerned, first because their national prosperity is closely linked with the prosperity of the whole Commonwealth through strong ties of trade and finance, and still more, secondly, because the strength of the British mercantile marine (including vessels on the registers of all parts of the Commonwealth) is a vital defensive asset to a group of nations who live by the sea and will stand or fall by their power upon it. Their separateness of purpose in shipping matters is a danger to them all, because it undermines their ability to protect their rights and interests against more determined and more united competitors.

The Imperial Shipping Committee cite the history of the Java-Japan Conference as an example of successful defence against intense and concerted Japanese competition by firm, combined action by shipowners, merchants and government. It would be difficult—though it is highly necessary—to imitate this example in the trades in which British shipping has felt Japanese competition most keenly—difficult, because not one but several British Governments are concerned, and because there is often no sense of common interest between the exporters or importers and the shipowners. These obstacles must be overcome. That means a readjustment of ideas in many quarters, not least among the shipowners themselves.

India's co-operation is the most necessary, and the most difficult to secure, since she conceives of herself as the half-emancipated victim of a British shipping monopoly. If the full co-operation of the Government of India is to be secured for the defence of British Commonwealth shipping interests, and if Indian shippers and importers are

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to play their necessary rôles in that defence, then India must first feel assured that she stands on a footing of practical equality in shipping matters with other members of the Commonwealth, and that her own shipping will benefit as fully as the shipping of the United Kingdom and the Dominions from any effort in the face of Japanese and other foreign competition. This will presumably require the abrogation of the agreement between the British India company and the Scindia company, the premier Indian shipping line, whereby the latter undertakes not to interfere with the established oversea trades of the P. & O. and B.I. companies. But it requires still more a spirit of friendly and sympathetic co-operation between the British and Indian shipowners.

In Australia and New Zealand there is no such initial distrust to be overcome. What is needed there is a fuller appreciation of the meaning of shipping strength to the whole British Commonwealth, and of the short-sightedness of neglecting the shipping interests that serve them, simply because these interests are owned by United Kingdom capital. The Imperial Shipping Committee rightly describe a sense of partnership between the shipowners and the mercantile community as a condition of any effective competition with the Japanese in the Orient. The appointment of an all-Commonwealth body to mount guard over British shipping interests in the East would do much to focus popular attention on this matter as a problem of common concern to the British nations. But that should be only the start of a campaign of education, in the course of which many minor grievances of merchants against shipowners, or governments, would no doubt be brought to light and duly remedied; and British shipping lines themselves increase their efficiency, and improve their relations with passengers and shippers, modernising their outlook at the same time as they modernise their equipment.

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I. PUBLIC OPINION AND EUROPE

AN estimate of public opinion, such as this article presents, needs to be backed by some credentials. In recent months the writer has travelled over much of the East and Middle-West of the United States, after crossing the continent less than a year ago; while Washington, from which these pages are sent, is a cross-roads whither all regional viewpoints are conveyed by Congressmen and their constituents. Moreover, there has been developed in the United States during the last five years a remarkable instrument for measuring public opinion, the Gallup poll, which has been proved broadly accurate in several tests at the ballot boxes.

All these surveys show substantially the same things: that the American people want to stay out of war—that goes without saying—but that they also want to give all possible assistance to Great Britain and France, short of actually going to war. There is, moreover, a widespread belief that a new European war may be on its way, and a distinct fear that America will be drawn in eventually if war does come. Finally, there is an overwhelming support for the national defense program.

These boiled-down sentiments contain elements of paradox, of course. Some of the sentiments may cancel others. Thus, the fatalistic expectation that the United States would be involved in war if it breaks out makes vain the hope of remaining isolated. The desire to aid Great Britain and France cuts straight across the penchant for "neutrality" that exists simultaneously. Senator Borah, determined isolationist that he is, clarified the whole

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issue the other day when he said: "Haven't the people already made up their minds who is right and who is wrong? The thing that is uppermost in my mind is that there is no neutrality at this time because of conditions that exist in the world."

This American feeling has been steadily mounting, under the pressure of events. In the 'twenties, the prevailing viewpoint was isolationist. No more participation in foreign wars, said the man-in-the-street. As late as 1935 and 1937, neutrality legislation was zealously being written into the statute books. According to Dr. Gallup's polls, the American people clung to their isolationist straws all through the Ethiopian, Chinese, and Spanish crises. At the time of the conquest of Ethiopia, for instance, seven out of ten Americans said that they opposed the idea of joining with the League Powers in sanctions against Italy, even economic sanctions. Over the war in China, some two-thirds of the people—according to Dr. Gallup's weighted cross-section of the public—were opposed to sending war supplies to the Chinese or boycotting Japanese goods. "Hands-off" was the overwhelming attitude toward the Spanish civil war, and our embargo on arms shipments remained law until the end.

But Herr Hitler has changed the American public's mind. He has ended American reluctance to ship food and war materials to our former allies. Before Munich, a majority of Americans favored sending food supplies to the British and French in case of war but objected to sending war materials. After Munich, the majority for sending food supplies increased materially, and a majority swung over to the idea of shipping war materials as well. After the liquidation of Czechoslovakia in March, the vote was: favoring sending food supplies, 82 per cent.; favoring sending war materials, 57 per cent.

Let no one think that these ideas are limited to the Atlantic seaboard. The old notion that there was a

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fundamental difference between Eastern opinion and the Middle West has been strikingly disproved by the Gallup poll.

American concern for what is happening in Europe (writes Dr. Gallup) overspreads all sections of the country. In states like Minnesota, Wisconsin, Iowa, Kansas, Nebraska, Missouri and the Dakotas—strongholds of isolation sentiment in the past—an average of six persons in ten say that the United States should sell war materials to her former allies in case of war.

Uniform reactions in all parts of the United States were recorded after Hitler's moves against Austria and Czechoslovakia, and his repressive measures toward the Jews. Even if the Gallup poll were faulty at root—and most American political observers have been deeply impressed by its accuracy—the fact that it returns a uniform reaction is still significant.

An important majority—averaging 62 per cent.—in all parts of the country replied to questionnaires that they felt the totalitarian Powers would represent an immediate menace to the United States if they won. A Virginia schoolteacher said: "I'm in favor of sending food and war supplies to England and France. I don't see how the democracies could win without some help from us along that line—and if they lost it would only be a matter of time until we'd be hemmed in by the dictators ourselves." A Wisconsin salesman and war-veteran said: "I'd want to see the United States stay out, but I'd sure hate to see England and France go down. After all, they do stand for our way of life."

The people are more than six to one against sending American troops abroad. Here, perhaps, public opinion does not realize the consequences of its own un-neutrality, and gives way to wishful thinking. Thus, a New York state banker said: "We ought to help the democracies up to a certain point. But let's stay out of war. If Europe's foolish enough to start another one, it'll only leave America stronger in the end."

Moreover, the public is not convinced of the complete

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justness of the British and French case against Hitler. A sizeable minority think the allied Powers were unfair to Germany immediately after the war. The reasonableness of Hitler's claim for a route across the Polish Corridor and even for Danzig impresses American opinion, and toned down reaction against his Reichstag speech of April 28. A majority of Americans—according to Gallup-projected figures—would favor a new international peace conference if it would settle the claims of Germany and Italy in a manner that gave assurance of a just peace.

All these pollings and estimates mean that American public opinion in general supports President Roosevelt's positive foreign policy without necessarily being committed to details. Opinion, it may be hazarded, is about ready to go one step farther, and may have done so already. For, if the United States is so eager to keep out of war, why not keep out by assisting in every way to prevent the outbreak of war? That is the touchstone to support of the President's policies today. So long as the public is convinced that Mr. Roosevelt is sincerely and ably seeking to prevent the coming of war, it will support his policies. Such support was abundantly forthcoming when the President sent his message to Hitler; for the public felt that this was a peace gesture made upon a threat of imminent war. But for other actions, which seem more like moves in a game of power politics, there is far less public support. Indeed, there is a latent mistrust of Mr. Roosevelt's personal impetuosity and experimentalism when projected upon the international plane. If the idea once got planted, and was supported by events, that the President was playing politics with peace to support third-term ambitions, or that he was under the influence of "international bankers" (which is Henry Ford's personal euphemism for Jews), then public revulsion might go far and fast.

So far, however, the President has not got too far ahead of public opinion, and the dictators have been giving him

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the most powerful kind of assistance. When public opinion seems to lag, Berlin or Rome usually produce the shock that is necessary to spur it along. The increasing vigor of opinion is therefore almost entirely the result of events overseas. The President's "educational" campaign, without the help of events, might well have produced an opposite effect and made public opinion mistrust his motives.

The President's support is bi-partisan, and the poll record no substantial difference between Republicans and Democrats in their attitude on these issues. Isolationist leaders are to be found among the senatorial leadership of both parties. But the more vigorously Republican isolationists attack the President personally, the more likely are they to consolidate Democrats behind him. And, so far, isolationist attacks have shown a tendency to act like a boomerang. Thus, when Senator Taft, the other day, charged the President with trying to "ballyhoo" the foreign crisis in order to hide his domestic failures, he was severely rebuked by his own Republican news papers.

The best definition, and the highest praise, for the President's current efforts came in a *Washington Post* editorial, which Mr. Roosevelt said was "very good very clear, very honest". The editorial was written by Felix Morley, the *Post's* editor, a former Rhodes Scholar. He was interpreting the President's statement on ending a holiday in Georgia: "I'll be back in the fall, if we don't have a war"; and he emphasized "the tremendous implications of the impending catastrophe for every citizen of this country". Plainly referring to Senate isolationists the article said:

In spite of the best-informed warnings to the contrary, many still believe that another world war might leave the United States relatively undisturbed. In spite of the virtual certainty of American involvement there are many who would seek to achieve isolation by panicky legislation, or to seek shelter behind other paper guarantees of immunity.

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Asking what Mr. Roosevelt meant by "we" when he said "if we don't have a war", the *Past* continued:

He undoubtedly meant western civilization. A war affecting its foundations would immediately affect us vitally, whether or not the United States was at the outset physically involved. . . .

Until it is started, another world war is not inevitable. It can still be averted if the free nations are willing to show that they will take a stand before it is too late. Pressure from the Rome-Berlin Axis will not ease until it reaches the point of serious resistance. Then only can a different and honestly conciliatory attitude be expected from the dictators. Nothing less than the show of preponderant force will stop them, for force is the only language which they understand. But, like less exalted bullies, force is to them a real deterrent.

In using the collective "we" the President told Hitler and Mussolini, far more impressively than he told Warm Springs, that the tremendous force of the United States must be a factor in their current thinking. He told the Axis powers that the Administration is far from indifferent to their plottings. He made it plain that a war forced by them would from the outset involve the destinies of a nation which, as they fully realize, is potentially far stronger than Germany and Italy united.

To make that plain at this crucial time is to help in preventing war. To make the dictatorships realize that there is a limit to unresisted aggression is in itself to set that limit. It is on that incontrovertible reasoning that the French have stiffened their policy. It is on that reasoning that the British are laying down a deadline. It is on that reasoning, through the application of which peace can be saved, that President Roosevelt properly links the United States with the eleventh-hour effort to avert a shattering disaster.

This was the definition of policy that President Roosevelt obviously could not utter himself, but upon which he did not fear to set his imprimatur. That indicates how far the United States has come in recent months. For Mr. Roosevelt is an acute politician, and he has experienced the hazards of getting too far in front of public opinion.

II. ARMS AND THE EAST

WHATEVER may be the minor or major divergences of American opinion over the President's broad policies, there is scarcely any disagreement at all over the

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armament program. And this factor, of course, may be decisive in the end. The present Congress will appropriate well over \$2,000 million for national defense. With its shipyards working at capacity, its factories producing modern military equipment at an accelerating tempo, and its aircraft industry soon to be placed on a semi-wartime footing, the United States is beyond any doubt far better prepared for conflict than at any previous moment in its peace-time history. These armed forces are of course an important element in the game of power politics. They are the United States' trump card. Their existence was what the President wished particularly to underline when he endorsed the *Past* editorial. The new navy is an important factor in the world balance of power, the potential development of land forces of the magnitude now planned makes possible their use in overseas conflicts and the expansion of the American aircraft industry offers a vital source of supply for the European democracies.

On January 12, President Roosevelt delivered his national defense message. Within three months—that is very short for American legislative action—Congress was more than halfway through completing authorizations and appropriations for the \$2,000 million annual building program. Two tremendous Bills have already been signed by the President: the \$358 million emergency army expansion authorization Bill, of which \$300 million is for a bigger American air force, and the \$513 million regular army appropriation Bill, which provides the funds necessary to carry the army through the first year of its expanded activities. The \$65 million naval base Bill has passed the House and at the moment of writing is on its way through the Senate. The regular naval appropriation Bill is on its way through the House, where the original estimates have been boosted to a current proposed total of \$759 million. A deficiency appropriation Bill including items not ready when the regular army budget was passed has now been brought forward, raising the

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totals by over \$116 million. A dozen other minor items of national defense are coming along. The navy has asked for two battleships of up to 45,000 tons. In all probability, within a short time the United States will have under construction eight capital ships of 35,000 tons or more.

Debate or public discussion of these gargantuan measures has been perfunctory. Isolationists have raised no outcry. The army expansion Bill passed the House by 367 to 15 votes, and 77 to 8 in the Senate. The naval base Bill went through the House by 368 to 4 votes. The House refusal to appropriate \$5 million for developing harbor facilities in Guam is likely to be reconsidered.

The navy now being built is considered sufficient to guarantee an area of predominance, within which American forces would be reasonably free to operate, extending from the Aleutian islands off Alaska to a point west of the Hawaiian islands, to Samoa, the Panama canal, the Caribbean, and up the north-east coast. Development of Guam would greatly extend the line in the Pacific, and further acquisition of bases in and adjacent to the Caribbean would put a salient on the American line in those waters.

The American fleet has recently been concentrated in the Pacific. Why? Perhaps the best answer was given indirectly in an article that Lord Lothian wrote in the *London Observer*. He said :

Great Britain in the past has seldom had more than one, or at most two, naval enemies to meet at the same time. But to-day, and so long as the anti-Comintern Powers exist as a military combination, she may have to face a naval war in the North Sea, in the Mediterranean and the Far East at the same time. That is to say, a two-armed man may have to fight a three-armed enemy—a most difficult and, in some circumstances, an impossible task.

Transfer of the American fleet to the Pacific, with much of it to be concentrated at Honolulu, means that the United States is freeing Great Britain from one of its three potential enemies. The American fleet is taking up the job in the Pacific. It is quite apparent that, even in the

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present evolving state of national opinion, the United States Government cannot give a hard-and-fast guarantee that its fleet will protect Malaya and Australasia. Public opinion will not support guarantees. But statesmen have to make their calculations on the basis of other factors. And in view of all the circumstances it is clear that the United States is taking a stand against Japan. Mere transfer of the fleet, the cables from Tokyo speedily indicated, prevented Japan from cementing its alliance with the Axis.

American naval authorities recognize the difficulties of operation in Far Eastern waters. But their fleet is tailored for long-range work. It is already based at Pearl Harbor, almost in mid-Pacific. If the Guam proposal goes through, it will present a far stronger threat. And there is Singapore to be remembered. Over a year ago an important American officer conferred with the Admiralty in London, and explored the possibilities of naval co-operation in the Far East. There is little doubt that part of the American fleet would move into Singapore in the event of a Far Eastern threat, and might even go there if Japan made any overt action against the Dutch or British possessions in Malaya. Indeed, some American officers believe that the fleet at Pearl Harbor would constitute a real deterrent to Japanese operations as far south as the Dutch East Indies.

A stronger British and French line in Europe will certainly stimulate a stronger American policy in the Far East. If the two hands are vigorous and firm in Europe, the one hand will doubtless be firm in Asia. Development of a more active American policy in Asia is fairly recent. Hitherto, interest has been concentrated on Europe. But it is beginning to be seen that if Great Britain's hands can be freed in Asia her European policies will grow more resolute. Hence the importance of sending the American fleet to the Pacific one day after the President's message to Hitler, shortly after the British guarantee to

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Poland, and shortly before the decision to apply conscription. The interaction of events was very clear. That is the way the United States can co-operate with the grand alliance led by Great Britain and France.

III. THE PRESIDENT'S HOLD

AND now what of internal affairs? The President's authority in Congress is no weaker than it was three months ago, and events have perhaps improved his position. The jockeying into position for the presidential nominations, still a year off, is vigorously proceeding, and produces much uncertainty. Before many recent quadrennial elections, the nominees of both parties were pretty clearly indicated at this stage in the cycle. To-day we are in the fog.

President Roosevelt maintains complete poise and equanimity. The graver world developments become, the more likely he is to be nominated and elected for a third term. Such a result is by no means a probability. Far from it. But it is significant that politicians constantly agree that the only circumstances under which the President could be nominated and re-elected would be a war or a crisis threatening war. Mr. Roosevelt may therefore be enjoying a little cosmic jest. The reason for his easy inaction may be that he expects to walk in at the last moment, when "Draft Roosevelt" has become inevitable. This is political speculation. It is still out of tune with actual events, which show a strong reaction in the Republican direction. Much of the President's domestic program is bogged down.

However, in certain fields which count very much, he is making real progress. The bare bones of a reorganization Bill went through Congress. Contrary to expectation, the President has been able to make a good deal of the skeleton. He is issuing three sets of plans, one for amalgamating many of the scattered bureaus and agencies that

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make up the octopus federal government, another for re-shuffling many functions between the established departments, and a third for bringing about order within single departments. For many decades, genuine reorganization of the federal government has been defeated by numerous selfish interests. We put up with disorder because it fitted in with the American principle of checks and balances. But now the President is going ahead with changes, long overdue, which will modernize the federal plant, will "keep the tools of American democracy up to date", as Mr. Roosevelt said in an eloquent message to Congress. He was seeking, he said, "to make democracy work—to strengthen the arms of democracy in peace or war and to ensure the solid blessings of free government to our people in increasing measure". Even in this message on domestic affairs, the President emphasized "or war," and he further said :

In these days of ruthless attempts to destroy democratic government, it is baldly asserted that democracies must always be weak in order to be democratic at all; and that, therefore, it will be easy to crush all free states out of existence. Confident in our Republic's 150 years of successful resistance to all subversive attempts upon it, whether from without or within, nevertheless we must be constantly alert to the importance of keeping the tools of American democracy up to date. It is our responsibility to make sure that the people's government is in condition to carry out the people's will, promptly, effectively, without waste or lost motion.

In achieving these practical and widely extended reforms, toward the end of his present term of office, the President is setting up a real monument to himself. Of no less significance is the final re-shaping of the Supreme Court. Four Roosevelt appointees now sit on the bench, joined by another—Mr. Justice Stone—who substantially agrees with the general viewpoint of the new legal liberalism. Therefore the basic objectives which the President sought in the Court fight of 1937 have now been attained. He has re-fashioned the tribunal for some years to come,

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perhaps for many years, and it is quite possible that he will have one or two other appointments to make. The Court is pointed toward a new interpretation of the basic law, a flexible view on the constitution, a lessening of legalistic interpretations of corporation rights, and a firm orientation upon the modernized Holmes doctrines. Historically, President Roosevelt's achievement with the Supreme Court may be one of his greatest domestic successes. His threat to "pack" the Court in 1937 plainly had a considerable, if indirect, effect on the result; for the voluntary retirements that caused three of the four vacancies took place in response to the wide public outcry, not in support of the President's specific method, but in favour of some sort of Court reform.

IV. THE VISIT OF THEIR MAJESTIES

AMERICANS look forward to the impending visit of Their Majesties King George and Queen Elizabeth with genuine and eager interest, and a gratifying degree of comprehension. That is to say, few people are making the blatant charge, which might once have been widespread, that the visit is for propagandist purposes. The American people are a little surer of themselves, perhaps, than when this charge would have been general. The visit has been handled very discreetly, with little fanfare, and few public appearances. It is indeed a difficult problem for those having it in charge, especially in connection with press coverage, but the plans for the tour minimize all such difficulties.

It is fairly safe to conclude that the trip will be carried off in the same spirit. President and Mrs. Roosevelt have a sure touch for these things, and it is certain that the engaging modesty of Their Majesties will remove the obvious difficulties of a visit to the United States. More seriously, Americans are likely to appreciate the compliment of the visit all the more for its brevity and absence of

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parading; and its symbolism at this moment in world history is likely to be all the more deeply felt for being less emphasized.

Designation of the Marquess of Lothian as new British Ambassador here evoked a warm response in the many circles where Lord Lothian is well known. Not for many years, it was universally commented, has there been the prospect of a British Ambassador here with such wide knowledge of the United States. Newspapermen, in particular, looked forward to the change because for some time past the British Embassy has maintained an aloofness which has discouraged contact, while Lord Lothian is already an old friend to many in the press corps here. On his many visits to Washington, Lord Lothian usually made it a point to visit Capitol Hill, and he has plenty of friends in the Senate, among them many isolationists. To some perceptive observers, Lord Lothian's coming is particularly significant because he understands so well the viewpoints of all the member nations of the British Commonwealth.

His continuing interest in Americans and their ideas (wrote the *New York Times*) has been vouchsafed by his work as secretary of the Rhodes Trust, which administers the Rhodes Scholarships, and as editor of *THE ROUND TABLE*, a periodical which has had as one of its purposes the fostering of a clearer understanding and a closer harmony of interest among the English-speaking peoples. He will now have an opportunity to pursue this aim on a much grander scale, at a time when there is no more important mission in the world than to place the relations of Great Britain and the United States on the basis of complete frankness and mutual confidence.

United States of America,
May, 1939.

THE DEFENCE OF THE NETHERLANDS INDIES

By a Netherlands Correspondent

I. THE STRENGTH AND WEAKNESS OF JAPAN

POLITICAL developments in the Far East since the middle of the nineteenth century have not left the Netherlands colonial empire in east Asia undisturbed. But it is principally the world political contest of the last few years that has directed public attention to this rich archipelago and to the place that it occupies in the strategy of the Powers. This is not because armed conflicts are staged or threatened in the Far East itself, but because each fresh complication in foreign politics affects the course of events elsewhere, each move on the political chessboard being made in the light of this world-wide interdependence.

The outstanding factor in Far Eastern affairs has been Japan's rapid rise, in little more than half-a-century, to the position of an industrial and commercial maritime Power of the first rank, navally and militarily almost impregnable. Consequently, Japan's strategic position, with its closely interwoven geographical, political, economic and ideological strands, must form the background for any study of defence problems in that part of the world.

A glance at the map of the Pacific and its coasts * shows that the key to strategy in that wide stretch of water is the possibility of a naval concentration in its western part. Here Japan's position is nearly ideal. On one side, she looks out upon a vast ocean, a great part of which she can command with a powerful navy based on well equipped and

* See p. 533, above.

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fortified home ports; while for raids she has at her disposal the Kurile islands in the direction of the Aleutians, Pelew in the direction of New Guinea, and the Marshall group in the direction of Hawaii; and finally the Luchu islands, with Formosa and Hainan, pointing from the China seas to Hong Kong and Singapore. On the other side Japan faces only inland seas, behind which lie extensive territories—Korea, Manchukuo, North China—which are under her command or suzerainty and which constitute her economic province.

The British Empire, by contrast, with its interests spread throughout the world, divided by oceans, requiring everywhere the protection of the British navy, possesses in eastern Asia one strong naval base—Singapore—and one advanced point of support—Hong Kong. The latter is very vulnerable, leaning as it does against mainland territory occupied by Japan, and with Hainan, also in Japanese occupation, threatening the flank of its communications with Singapore. On the other side of the Pacific, the United States, 5,000 miles distant, has at present only one well equipped and fortified advanced base, Hawaii (Pearl Harbour), which is no nearer than 3,400 miles from Yokohama. Part of the American fleet, moreover, will always have to remain in the Atlantic. The third interested great Power is France, as the imperial guardian of Indo-China. She has bases at Saigon, Kamranh bay and the Gulf of Tonking, the last of which, however, is liable to be cut off by Hainan. France has a strong navy, but it is almost entirely confined to the Mediterranean and west European seas. Farther away are Australia and New Zealand, with comparatively feeble naval forces and mainly dependent for protection on the British navy.

In Japan's strategic position there are a few weak points. In the first place, she lacks raw materials and needs oversea outlets for her industries; to this point further reference will be made later. Then there is the Russian Asiatic mainland, with Vladivostock as its port, from which the

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Japanese islands can be threatened by air raids, and the Japanese mastery of the sea by submarines. In the future, a third potential menace might arise from the north-east, in the shape of a Russo-American combination, with the Aleutian islands and Petropavlovsk in Kamchatka as starting points. But the favourable factors outweigh the unfavourable. No political combination is conceivable that could compel the Japanese fleet so to spread itself that its hegemony of the western Pacific would be lost from the start. Japan has a maritime strategic position that makes invasion by armies impossible. An overseas expedition of the necessary size would require an absolute command of the sea, as well as points of support near the Japanese Empire, neither of which conditions can be fulfilled.

Japan's unique position is the decisive element in the strategy of any conflict that may take place in the Pacific. This conflict, if it comes, will be a naval one, a struggle for mastery of the seas, and for the destruction, on the one side, and on the other the protection, of Japan's vital overseas communications. Only economic exhaustion of the island Empire could lead to her defeat. That this method would certainly be effective in the long run is the conclusion to be drawn from Japan's dependence on her import and export trade for her enormous requirements of raw materials and for the sale abroad of the products of her industries.

It is not necessary to enlarge on this problem to realise that, if Japan's communications with countries other than Manchukuo and China were cut, once existing stocks were exhausted there would be a scarcity of mineral oils (fuel oil), bauxite, rubber, tin, nickel, cotton, wool and possibly iron ores—not to mention the stoppage of the export trade, which has always been regarded as a vital factor in Japan's existence. A successful attack on Japan's communications with her own overseas territories and with the Asiatic mainland, moreover, would make impossible the supply of coal, ores and oils from China and Manchukuo.

Even an economic bloc consisting of Japan, Manchukuo

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and China would be dependent, under present circumstances, on imports of mineral oils, bauxite, rubber, nickel, cotton and wool, of which the Netherlands Indies are among the principal suppliers, as well as the United States, Australia, British India and South Africa. In this connection, too, there are many shipping lines to and from Japan which call at the East Indian islands or pass close to them.

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THE Netherlands Indies archipelago forms, so to speak, a bridge between India, Malaya and Indo-China on the one hand and Australia on the other. Two of the three sides of a naval triangle, the corners of which are situated at the naval bases of Singapore, Hong Kong and Port Darwin, pass through the Netherlands Indian seas and territories. These islands produce raw materials of vital strategic importance, such as oil, tin, rubber and bauxite. They are the link between two large oceans crowded with merchant vessels. Here many of the shipping routes converge in narrow channels between the islands.

Apart from the Panama and Suez canals, there are few spots so sensitively situated as the Netherlands Indies. At that point, in any Pacific conflict, would be staged the struggle to protect or block the trade routes, to attack the enemy economically, to destroy his arteries, to prevent him from undertaking military expeditions. The Malay archipelago may become the theatre of a war for raw materials.

The traditional policy of the Netherlands Government is one of independence. The Netherlands takes care not to be mixed up in quarrels between other nations. It does not desire alliances, but wishes to be and to remain itself, and to have normal relations with all countries. This policy requires the maintenance of strict and unshakable neutrality. If war should take place, the rules of neutrality would then be interpreted and applied impartially in every direction. Strength is necessary in order to prevent that

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neutrality from being infringed by others and to counteract any such infringement.

There is nothing in which the people of the Netherlands are so united as in this conception of neutrality. The League of Nations, respected as its ideal of collective security may have been, did not succeed in undermining the Netherlands policy of independence. In 1935, it is true, during the Italo-Abyssinian war, the Netherlands, faithful to the Covenant of the League, joined with many other countries in economic sanctions against Italy. But as recently as 1927, when the League was still in the full bloom of its short-lived career, the Netherlands Government drew up rules for defence in the Indies which were based on the principle of maintenance of neutrality. It was realised that in this extensive island empire small auxiliary ships for patrol and similar services were not sufficient, and that a more powerful force was necessary for preventive and repressive purposes. The main object was to be and to remain neutral. If the Netherlands were involved in a war, the oversea territories were to be defended "with the means available for the maintenance of neutrality".

Other factors justified this somewhat negative policy in 1927. The political atmosphere was calm. There were no threats of war in Europe and no direct danger in the East. Germany was still a country vanquished after an exhausting war; Italy did not yet play a preponderant rôle in the Mediterranean; in Japan, internal political conditions favoured peaceful economic expansion, combined with a moderate foreign policy towards China. The Washington naval treaty had limited Japan's strength on the high seas. Though she had become the mandatory Power for the ex-German South Sea islands, and had thereby stretched out her tentacles to the south, she was prevented by the terms of the mandate from fortifying these islands and turning them into naval bases; and the Washington treaty added a like prohibition regarding her other island possessions in the Pacific. This treaty also led to a declaration

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by Great Britain, the United States, Japan and France that they would "respect the rights of the Netherlands, in relation to her insular possessions in the region of the Pacific Ocean". Singapore was being developed into a first-class naval base; the political situation still allowed Great Britain to concentrate her fleet in east Asiatic waters if need be. The Preparatory Commission for the Disarmament Conference was sitting, and although it did not give much promise of success there was nevertheless a general tendency, which had originated at Washington, to reduce naval armaments.

In the then existing circumstances, a small but efficient Netherlands navy, holding to some extent the balance between belligerents, would have been a factor of some importance. It would have constituted a desirable ally, or would have served to prevent violations of neutrality. The Netherlands therefore built a fleet of small vessels, of which the submarine as a torpedo arm was the core, and which was completed by the addition of some light cruisers, destroyers and seaplanes. To the Netherlands Indian army, numbering two divisions in Java, was entrusted the maintenance of neutrality and defence against invasion. The most important points in the outer possessions, such as the oil ports of Balikpapan and Tarakan on the east coast of Borneo, were fortified and garrisoned. Otherwise, the task of the army was to preserve internal order.

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A COMMITTEE appointed by the Government in 1912 had reached the conclusion that the defence of the Indies required a strong battle fleet, consisting of five dreadnoughts, six scouts and eight destroyers, as well as submarines, torpedo boats and minelayers. At that time, political conditions in Europe were gradually becoming more critical, and a conflict seemed to approach that would confine the British and French navies to European waters,

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with all the consequences which this would entail in the Far East. The committee's report was not acted upon because soon afterwards the world war broke out and the Netherlands succeeded in remaining neutral. The strain placed on the navy in the Indies from 1914 to 1918, in spite of the fact that the actual theatre of war was so far away, exposed its numerical weakness; nevertheless, the programme recommended by the committee remained unexecuted.

In 1930, the strength of the navy in the archipelago was definitely fixed on the basis of the 1927 programme referred to above. It was to consist of 3 light cruisers, 2 flotilla leaders, 12 destroyers, 16 submarines and an air force of 60 seaplanes. Small craft for local defence, such as gun-boats and minelayers, would complete the fleet, a part of which would form an unmanned reserve. In 1933, when economic conditions became unfavourable, another government committee was appointed with instructions to report how 30 million florins could be economised on the defence budget for the Netherlands and the Indies.

Gradually, however, the inadequacy of the 1930 programme became obvious, and it was realised that the relative strength of the Netherlands navy declined as the political outlook grew more menacing and rearmament in other countries became the order of the day. Germany threw off the shackles of Versailles. Italy demanded territorial expansion as well as the command of the Mediterranean, and conquered Abyssinia in spite of sanctions and a British naval concentration. In Japan, the imperialist idea made headway, and the influence of the army greatly increased, leading to the conquest of Manchuria, to penetration in North China, and eventually to the present war with China. Ideological factors, ranging "the totalitarian States against the democracies", and the emergence of a Japanese Monroe doctrine for the Far East, where a "new order" was to be created under the exclusive authority of Japan, began to cause irritation and

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uneasiness in Holland. The League of Nations weakened, and of collective security practically nothing remained.

Since 1937, following Japan's denunciation of the Washington naval treaty, there have been practically no treaty restrictions on naval building, and the liberty to construct naval bases in any part of the Pacific zone has been restored. The United States, furthermore, has decided on withdrawal from the Philippine islands; after the expiry of the 10-years transition period laid down in the Tydings-McDuffie Independence Act, the Philippines are to become a completely independent Commonwealth. After the formal declaration of independence, however, negotiations will take place for the retention of an American naval base in the islands. The desire of the Philippines to be independent has probably been moderated, since the Act was passed, by the symptoms of Japanese imperialism and by recognition of the economic troubles that will result from the loss of a protected market in America. Moreover, the tendency to extend the chain of American naval bases in a westerly direction from Samoa *via* Midway island to the Aleutian islands (Dutch Harbour), with Guam as an advanced post, does not point to withdrawal. Nevertheless it would be dangerous to rely on rapid and decisive action by the United States in the western Pacific.

The general political situation, and the feverish rearmament that is taking place in almost every country of the world, have profoundly altered the trend of public opinion in Holland. The Netherlands people are now keenly in favour of strengthening defence at home and overseas by all possible means as quickly as possible. However, it takes time to make the defence forces equal to the heavy task that they will have to fulfil in the Mother Country and abroad. Armament manufacturers and shipbuilders are overloaded with orders, prices are high and deliveries slow. Even the modest naval programme of 1930 is in arrears, though the leeway is being made up. Coast defence at

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home, and the protection of merchant vessels, are problems still to be dealt with.

The Netherlands Indian army has been strengthened with modern equipment and with an efficient air force, consisting principally of bombers. But the vital and vulnerable naval position of the archipelago continues to call for anxious attention. The present strength and composition of the navy, based on the 1930 programme, do not give security. The fact that the British and French fleets, at least at the outset of a world war, must remain concentrated in European waters; uncertainty about the future of the Philippine islands, and an equal uncertainty about American naval action in the south-western Pacific; Japan's southward penetration, which already approaches the Equator, now that Hainan and the Spratley group have been occupied; the fortifying of the Japanese mandated islands: all these factors combine to intensify the uneasiness felt by people in Holland, who realise that an attack on their tropical Empire must now be considered a possibility.

In an archipelago as extensive as the whole of Europe, land forces alone cannot assure security. A fleet strong enough to contest unaided the command of the local seas is indispensable. In a naval war, the aggressor will have to reckon with the great Powers, even though these may be unable to have the main body of their ships on the spot in the early phases of the war. In order to be on the safe side, he will therefore have to employ a much greater force of ships than the force opposed to him, greater in numbers and in types. But the ships thus indicated as necessary are precisely those which he will be most anxious to keep intact, in order to meet the menace which sooner or later he is sure to have to face from another and more powerful quarter. A Netherlands battle-fleet, even of moderate size, would therefore have a great preventive value.

Hence the demand which is making itself heard in the

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press and Parliament of Holland for the addition of battle-cruisers to the ships in commission and on the stocks. The following are already in course of construction: two 8,300-ton cruisers, one light cruiser of 3,300 tons, four destroyers, and nine submarines, as well as a number of small craft. If two or three battle-cruisers of between 20,000 and 30,000 tons are added, the entire strategic aspect in the Far East will change. In view of the well-known character of Netherlands policy, this naval effort will not only benefit the Netherlands but will equally serve the interest of all peaceable countries.

CANADA AND THE WAR DANGER

I. PARTY LEADERS AND THE CRISIS

THE ominous aggravation of the international tension has impelled the political leaders and the people of Canada to give careful consideration to the possibility of their country's becoming involved in another general war.

Under the present régime at Ottawa, there has been a persistent disposition to treat foreign affairs as secret mysteries, the conduct of which must be reserved for the Minister of External Affairs, who in Canada has always been the Prime Minister, and his officials. Not only is the public rarely given information through official communiqués, but Parliament also has been sedulously discouraged from inquiring into the general foreign policy of the Government and its actions in this field. Undoubtedly the motive for this secretive attitude can be found in the justifiable conviction of Ministers that, on account of the sectional cleavages of the country, commitment to any definite line of foreign policy could not fail to breed bitter domestic controversy and impair Canada's national unity, whose maintenance they have always held to be a paramount consideration.

Consequently, from the date of the September crisis until the meeting of Parliament on January 12, the Canadian public received only the scantiest enlightenment from its Government about the international situation. Both the Prime Minister, Mr. Mackenzie King, and the Conservative leader, Dr. Manion, gave their warm commendation to the settlement achieved at Munich, and bestowed high praise upon Mr. Chamberlain for the part that he had

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played in it, but thereafter they both relapsed into almost complete silence on the subject of foreign affairs. Nor was much enlightenment forthcoming from the debate on the Address. Dr. Manion made no serious reference to the international situation, and Mr. Mackenzie King contented himself with some brief *dicta* on the subject. A passage in one of his speeches, however, attracted widespread attention. After declaring that before Canada entered into any war Parliament would be consulted, Mr. King proceeded to cite with approval certain quotations from a speech delivered by the late Sir Wilfrid Laurier during the debate on the Naval Service Act in 1910. The most important of these quotations ran as follows :

If England (said Sir Wilfrid) is at war, we are at war and liable to attack. I do not say that we will always be attacked; neither do I say that we should take part in all the wars of England. That is a matter that must be guided by circumstances upon which the Canadian Parliament will have to pronounce, and will have to decide in its own best judgment.

And to this pronouncement of his predecessor Mr. Mackenzie King gave his clear endorsement in these words :

It was a statement of the Liberal policy which was accepted then, a statement of the Liberal policy as it has been followed ever since. I wish to give it as a statement of the Liberal policy as it is to-day and as it will continue to be under the present Liberal Administration.

Now the question of Canada's freedom of decision in the event of the outbreak of another general war had for some years past been a subject of acute controversy among constitutional pundits; and here, apparently, was the Prime Minister interpolating in his speech a deliberate statement of policy ranging his Government on the side of that school of thought which held that Canada had no alternative but to accept the status of belligerency as soon as Great Britain herself assumed it.

Such a pronouncement, however, was exceedingly unpalatable to the isolationists in the Liberal party, who contended that, if the Statute of Westminster had any

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validity, Canada was entitled to avoid the status of belligerency until she acquired it by her own free decision. One of their leaders, therefore, Mr. J. T. Thorson, K.C., a former Rhodes scholar who holds a Manitoba seat, challenged the doctrine endorsed by his leader by introducing as a private member's measure a short Bill, inviting Parliament to affirm that Canada should not assume the status of a belligerent except through a declaration of war by His Majesty with special reference to Canada and on the advice of his Canadian Ministers. Its submission was followed by the publication of a long manifesto advocating the immediate enactment of the Bill in order to clear up a situation of uncertainty and to give Canada unquestioned control of her international policy. The manifesto was signed by an impressive list of members of the Canadian "intelligentsia", including eminent lawyers, professors, leaders in business, heads of agrarian associations and clergymen. But the Bill itself did not come up for discussion until the completion of the destruction of Czechoslovakia as a separate State had produced a fresh crisis of the utmost gravity in Europe.

This startling event, and the speech delivered on March 17 by Mr. Chamberlain in Birmingham, in which he called for the support of all democratic peoples to checkmate further aggression, evoked a demand from the *Toronto Globe and Mail*, the *Ottawa Citizen*, and other newspapers for a declaration of the Government's attitude towards the new situation. As public opinion had obviously become restless, Mr. Mackenzie King responded with a brief statement to the House of Commons on March 20. His position was difficult, since he had to admit the collapse of the policy of appeasement, to which he had given his blessing; he deplored, he said, the wanton and forcible annihilation of Czechoslovakia and the evidence that it provided of Herr Hitler's complete untrustworthiness. He declared that he was ready to accept Mr. Chamberlain's proposal that the democratic countries should consult

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together concerning the measures to be adopted to cope with the new situation, but he was careful to emphasise that before any undertakings could be expected from Canada the issues must be clarified, in order that the Canadian Government, Parliament and people might judge them on their merits.

If (he said) there was a prospect of an aggressor launching an attack upon Britain with bombers raining death upon London, I have no doubt what the decision of the Canadian Parliament would be. We would regard it as an act of aggression, menacing freedom in all parts of the Commonwealth. If it were a case on the other hand of a dispute over trade or prestige in some far-off corner of the world, that would raise quite different considerations.

Then, aware of the restlessness in the ranks of his own party and the volume of public sentiment behind Mr. Thorson's Bill, he qualified his earlier subscription to the Laurier doctrine that "if Great Britain is at war, Canada is at war". He explained that Canada would never be automatically plunged into war without the consent of her Parliament, nor could her co-operation be taken for granted.

The form of such co-operation (he said) and the contingency in which it may arise are questions which the Government will examine in consultation with other Governments. It will report its findings to Parliament, which has the sole and responsible authority to speak for Canada on such grave issues. I still believe in Parliament as the most important of our national institutions, and in the supremacy of Parliament, especially when the issue is one of peace or war.

Dr. Manion, the Conservative leader, had issued a statement of his views on the previous day, pledging the co-operation of the Conservative party in any measures that the Government might deem it necessary to take in collaboration with other countries for the frustration of further aggression. The speech with which he followed the Prime Minister in the Commons was largely an elaboration of views already made public. His condemnation of German policy was much more vigorous than Mr. Mackenzie King's: after expressing the view that Herr Hitler was "mad with the lust of conquest and aiming at world

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domination", he declared that the time had now come for all Canadians to sink their political differences in a common national front. They should proclaim to the world their desire for a solid alliance of all the democratic countries to halt the international criminality of the fascist Powers. He vigorously maintained that a repetition of the last bloody war, of whose horrors he had had personal experience, could now be avoided only by a resolute effort on the part of all democratic, civilised and Christian peoples to build up without delay a genuine system of collective security, which would compel Herr Hitler "to stop, look, and listen". But, with a weather eye on Quebec, he stopped short of advocating any specific pledge of support to the United Kingdom Government, and thereby disappointed the imperialist elements in his party, who had hoped for a definite declaration in favour of the solidarity of the whole Commonwealth behind a common programme.

It was left to Mr. Woodsworth, the leader of the C.C.F.* party, to argue that the democratic nations had landed themselves in their present plight because they had declined to take seriously the principles underlying the structure of the League of Nations or to live up to their obligations under its Covenant. He went on to suggest some practical measures for the embarrassment of the dictatorships. He urged that the Canadian Government should immediately prohibit the export of any war materials to Germany, impose a surtax upon imports from all aggressor countries, and assume a decent share of responsibility for the hordes of unfortunate refugees, of whom only meagre contingents were being reluctantly admitted to Canada.

II. REACTIONS IN QUEBEC AND ONTARIO

THE pronouncements of the party leaders produced a flood of comment in the press. The Prime Minister received unexpected commendation from the Montreal

* Co-operative Commonwealth Federation.

REACTIONS IN QUEBEC AND ONTARIO

Gazette, which declared that he had defined Canada's position in a manner calculated to please patriotic Canadians, but another. Conservative newspaper, the *Ottawa Journal*, sarcastically asserted that the same sort of pronouncement as Mr. King and Dr. Manion had made might have come from the leaders of some non-British democracy like Sweden. They had offered, declared the *Journal*, no evidence of a realisation of Canada's responsibilities as a partner in the British Commonwealth. The *Toronto Globe and Mail* (independent Liberal), while it found in Mr. Mackenzie King's speech some encouraging acknowledgment of Canada's obligations, regretted that he had not promised in decisive language the wholehearted co-operation that Mr. Chamberlain obviously desired from all the nations of the Commonwealth. The *Winnipeg Free Press* (independent Liberal) took the view that the speech represented an effort by the Prime Minister "to get back to the pre-January position—the supremacy of Parliament"; it noted particularly the absence of any restatement of the Laurier thesis that the connection with Great Britain brought Canada automatically into any British war. In the French-Canadian press the comments were severely critical, and they reflected an uneasiness that soon found overt expression in Quebec.

The St. Jean Baptiste Society, which is the great social organisation of the French-Canadian people, lost no time in inviting eight other French-Canadian organisations, including the Canadian Federation of Catholic Workers and the Catholic Farmers' Union of Québec, to send delegates to a meeting in Montreal; this gathering unanimously adopted a resolution expressing disapproval of the utterances of both Mr. Mackenzie King and Dr. Manion, and warning the Government that French-Canada was unalterably opposed to the country's participation in foreign wars. Then, both in Montreal and in Quebec city, bands of young French-Canadians, mostly university students, staged demonstrations of protest, shouting "No foreign

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wars " and " Down with conscription ". At Montreal they proceeded to the City Hall and extracted from Mr. Camillien Houde, the arch-demagogue of Quebec, who is now serving his fourth term as mayor of Montreal, a promise that he would lead any anti-conscription movement which they organised. At Quebec they swarmed into the galleries and floor of the chamber of the provincial legislature and clamoured for the immediate passage of a resolution, introduced by Mr. René Chaloult, a Nationalist member, against Canada's commitment to another overseas war. Mr. Duplessis, the provincial Premier, told them that although his views on this issue were well known he would not be stampeded into premature action by such a disorderly agitation. It should be added that these demonstrators were quite irresponsible, bearing the authority of no French-Canadian organisation. Those who invaded the Quebec Chamber represented themselves as members of the French Canada Catholic Youth Congress, but they have been publicly repudiated by the real leaders of the Catholic Young Men's League. Meanwhile, at Ottawa, French-Canadian members were freely expressing in the lobbies their anxiety about the Ministry's tendencies, and one of them submitted a formal written question about the Government's response to the resolution of the French-Canadian societies.

In Ontario, on the other hand, where imperialist sentiment has a firm root in the traditions of the United Empire Loyalists, the original settlers of the province, there was a very different reaction. In the Ontario legislature a resolution moved by Colonel Fraser Hunter, a Liberal member, who is a retired officer of the Indian army, calling for immediate action on the part of the member nations of the British Commonwealth in support of any measures that the United Kingdom Government might decide to take, and for the conscription of man-power and property in Ontario in defence of free institutions, was taken over and amended by the Premier himself, Mr. Mitchell Hepburn.

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In its amended form it pledged the co-operation of the Government and people of Ontario with the United Kingdom, and urged the federal Government to bring in legislation enabling the man-power and material resources of Canada to be immediately mobilised in the event of a war emergency. In moving it, Mr. Hepburn, who nowadays loses no opportunity of embarrassing his former Liberal friends at Ottawa, struck a strong imperialist note. He declared that, if Canada as a whole must indulge in reservations, there were no such inhibitions to prevent Ontario from voicing her ardent loyalty to Great Britain. He was supported by Colonel Drew, the provincial leader of the Conservative party, who advocated an embargo upon exports of war materials to Germany; and, to the general surprise, Mr. Belanger, a prominent French-Canadian Liberal member, gave his cordial benediction to the resolution, which was carried without a single hostile vote.

III. SECOND THOUGHTS AT OTTAWA

FACED by this revelation of sharply conflicting views in Quebec and Ontario, the two largest provinces, Mr. Mackenzie King felt it advisable to make a further effort to placate his two sets of critics. On March 30, when the estimates of the Department of External Affairs came up for discussion, he devoted two hours to a careful review of the international situation and an elaborate exposition of his Government's attitude. His speech initiated the longest debate on foreign affairs that the Canadian Parliament has ever experienced; for it lasted almost four full days, and 33 members, including all the prominent leaders, took part in it. It failed, nevertheless, to shed much light upon the intentions of the Government, and Mr. Woodsworth voiced a general perplexity when he declared that after listening to Mr. Mackenzie King's long speech he still did not know what the Government would do in the event of an outbreak of war.

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The Prime Minister's review of foreign policy revealed him as still convinced that Mr. Chamberlain had made "an emphatically right choice" in striving to prevent the outbreak of war last September, and as declining to believe in the inevitability of another general war. But he felt that he could not deny its possibility, and he therefore outlined the course of action that his Ministry would follow, in these words :

If Canada is faced by the necessity of making a decision on the most serious and momentous issue that can face a nation, whether or not to take part in war, the principle of responsible government, which has been our guide and our goal for a century, demands that this decision be made by the Parliament of Canada. Equally the system of government we have inherited from Britain . . . makes it the duty of the Government to propose to Parliament the course which in regard to particular issues it considers should be adopted and to stand or fall by the decision.

In order to meet the criticism that such a policy was not sufficiently definite and absolute, he quoted with approval Mr. Chamberlain's pronouncement, made on March 17, against "any new and unspecified commitments operating under conditions which cannot now be foreseen", declaring that no more than Mr. Chamberlain was he prepared to pledge Canada to this type of commitment.

Mr. Mackenzie King then analysed the various factors of interest, sentiment and opinion setting the limits within which any feasible policy, calculated to preserve national unity, must be framed. Among these he cited the growth of nationalist feeling, Canada's position as a North American nation and her close relations with the United States (which had been crystallised by President Roosevelt's notable speech at Kingston last August), her increased interest in the affairs of Europe, and her deep concern for the strength and welfare of Great Britain.

Any realistic survey (he said) of the Canadian scene will make it clear that these varying factors play their part in the shaping of Canadian policy.

No one can be taken as the sole directing force. They do not necessarily conflict; they may increasingly work together.

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That depends on the special circumstances and policies of countries other than ours. That is why it is impossible in the case of our country as of others to give what some people seem to desire—a hard and fast statement in advance as to the action which will be taken in hypothetical future cases that may arise in this rapidly shifting world.

Mr. Mackenzie King also proceeded to execute a further retreat from the Laurier doctrine about Canadian belligerency, by explaining that when it was promulgated Canada had been in a state of political subordination to Great Britain, and had had no alternative to concurrence in the decisions of the British Government about the issues of peace and war; but, with the ending of that subordination by constitutional developments culminating in the Statute of Westminster, Canada had secured for all practical purposes freedom to determine her own course about those issues. He admitted that certain legal limitations upon that freedom of action might seem to survive, but he held that their importance was exaggerated. He pronounced against the passage of legislation like the Thorson Bill on the grounds that it could be enacted only at the cost of passionate controversy, and that, if passed, it might convey to foreign countries the unwarranted and unfortunate impression that Canada had definitely decided to remain neutral in any and every conflict.

The most emphatic declaration in his speech was a pledge that his Government would never countenance military conscription, although under war conditions it would organise a planned national effort and control profits. The Prime Minister also reiterated doubts that he had previously expressed whether any of the British Dominions would ever send another expeditionary force to Europe. He also occupied considerable time in refuting charges that at the time of the September crisis Canada had shown, as compared with other Dominions, a deplorable apathy in regard to her responsibilities as a partner in the Commonwealth. The closing part of his speech was devoted to a survey of the clash of conflicting forces in the

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world, and a plea that the rivalry between the democratic and totalitarian nations should be diverted into channels more useful to humanity than war.

Dr. Manion was so fully in agreement with many of Mr. King's statements that he might have been a partner in a parliamentary duet. He was convinced of the merits of Mr. Chamberlain's policies, he was opposed to conscription and dubious about the need of expeditionary forces, and he was clear that the issue of participation in war must be left to Parliament. But he was most emphatic that neutrality was unthinkable for Canada, and he outlined some of the intolerable situations that would arise from its adoption, rendering it as repugnant to a large proportion of the Canadian people as conscription would be to another element. In regard to the part that Canada should play in another war, he felt that there should be a compromise between the views of those who wanted Canada to back Great Britain to the last man and the last dollar and those who favoured an attitude of passive detachment. He suggested that Canada could render invaluable help to Great Britain by encouraging the enlistment of volunteer units, providing abundant supplies of munitions and food, and protecting her own territory. His own party did not all show unqualified approval of Dr. Manion's speech, and some other Conservative speakers, less concerned to placate Quebec, scorned any reservations about Canadian support for Great Britain.

The most courageous speech of the debate came from Mr. Lapointe, the Minister of Justice, who addressed some plain words to his compatriots at the risk of incurring deep unpopularity in his own province. He was adamant against military conscription, but he was even more emphatic than Dr. Manion about the impossibility of neutrality.

Realities (he said) have to be faced. The ostrich policy of refusing to face dangers will not keep them away. Indeed a deliberate policy of drift may involve a greater risk. The folly

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of mistaking shams for realities has been written large in the tragic history of many unfortunate countries. Canada is part of the world and unfortunately this planet cannot be considered to-day an earthly paradise inhabited by benevolent and rational beings of an altruistic turn of mind. . . .

The real issue in Canada is security, even world security; because we cannot expect to be an oasis surrounded by troubles and disasters which we alone could escape. Who could predict how a victorious totalitarian Power would deal with Canada? . . . If Canada were neutral, if Canada were independent, it would need security, it would need greater means of defence, and that is what some people seem to forget.

But their leader's brave plea to face realities made little impression upon the French-Canadian Liberal members, five of whom rose in turn to declare their resolute opposition to Canada's participation in any wars except for the defence of her own territory. They rang the changes upon all the arguments for complete isolationism, and their attitude can be gleaned from the closing observations of Mr. Maxime Raymond, K.C. :

Every Canadian citizen has the military obligation of defending the soil of his motherland, and those of the province of Quebec have never shirked that duty, but no one is entitled to ask them to go and shed their blood in Europe or in Africa or in Asia for the greater glory or power of any other country, even if that country should be Britain or France. . . . And if ever a majority of the people of this country should desire to compel an important minority to take up arms in defence of a foreign land, whichever it may be, that would be the end of Confederation.

Nor was Mr. Thorson himself convinced of the undesirability of his Bill, for he made a long speech in favour of its passage, but when at a later date he moved its second reading it was talked out by an irate Conservative. Most Liberal speakers, however, followed the lead given by the Prime Minister.

Mr. Woodsworth, for the C.C.F., denounced once more the recent policies of the United Kingdom Government as a series of blunders, if not worse, and asked why, when their prime author, Mr. Chamberlain, was still at the helm, Canada should be dragged into a war that would be their direct fruit. Admitting, however, that Canada's culpable

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failure to take seriously her own responsibilities about the League debarred her from any right to sit back in smug complacency, he urged that she make a belated requital for her past sins by imposing an immediate embargo upon all exports of raw materials to Germany and Japan. In regard to Canadian participation in war, his view was that Canada would be involved in technical belligerency by a British declaration of war, and that her right of decision would be limited to her degree of participation. He was convinced that war would again bring conscription in its train. He and other C.C.F. speakers advocated the re-establishment of a system of collective security, accompanied by drastic measures for the elimination of what they believed to be the causes of war. The Social Crediters taking part in the debate voiced similar sentiments to those of the C.C.F. party, and were opposed to conscription.

Its frequent long adjournments have deprived the Senate of much opportunity for discussing the international situation. In its opening debate, however, Senator Meighen made a passionate plea to the Government to abandon its attitude of chill particularism in face of a common peril, and to take steps for the co-ordination of its defence measures in a general programme for the whole British Commonwealth.

The net result of the parliamentary debates has been to make it reasonably plain that Mr. Mackenzie King's Government do not contemplate neutrality and definitely plain that they will not resort to conscription. There are indications that they would like to follow a plan of limited liability in regard to a European war, but they have now no assurance that even for such a policy they could command the support of the main body of their French-Canadian followers. A withdrawal of this group's allegiance, which might well entail some resignations from the Cabinet, would deprive the Ministry of a working majority in the Commons, and Conservative co-operation would have to be enlisted in the formation of a coalition Government

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Meanwhile the Ministry has been endeavouring to speed up its rearmament programme. There is considerable anxiety, however, in the public mind about the administrative methods being pursued, and disturbing revelations about certain transactions have forced the Ministry to submit a contract for Bren machine guns to a judicial inquiry, and to accept a general inquisition by the public accounts committee of the House of Commons into all armament contracts recently placed.

During all this period feeling in the country (outside Quebec) has been hardening. Last September, under the immediate threat of war, there was abundant evidence of a widespread response to the call to defend the Empire and the broader call to defend our whole way of living. Subsequently there was much uneasiness in certain quarters about the policy of Mr. Chamberlain's Government. Events themselves, however, have conspired to make most even of these critics feel, like the Opposition in England, that if war comes in the present circumstances it will be a war, not of support for imperial power policy, but of defence against aggression which leaves no one in the whole world safe. How long this unity of opinion will last it is idle to predict. If the outcome of the present crisis is a general move towards collective security, this will do much to reassure those elements in the population which fear being drawn into a power-politics war. If, on the other hand, the present attitude of the United Kingdom Government should prove temporary and tentative, the result will surely be to restore the former divisions in Canadian public opinion on world affairs.

Canada,
April, 1939.

IRELAND'S VITAL PROBLEMS

I. FOREIGN POLICY AND DEFENCE

DURING recent months the nebulous policy of the Irish Government in matters of foreign affairs and defence has been a cause of serious concern to many Irishmen. In a statement to the press on February 20, Mr. De Valera said that the aim of his Government was to keep the nation out of war and to preserve our neutrality. The only way to secure that aim was to be in the best position possible to defend ourselves, so that no one could hope to attack us or violate our territory with impunity. We knew, of course, that Great Britain, in her own interests, must help us to repel an attack, if it came, from any other Power. The Irish Government, he added, had not entered into any commitments with Great Britain, and was free to follow any course that Irish interests might dictate.

This statement conveniently ignores the fact that we are not living in a vacuum. In the modern world no State, certainly no small State, is really independent in its external relations. Just as the Scandinavian countries must inevitably share the same broad policy and fate, and just as Belgium and Switzerland, under present conditions, must stand or fall with France, so our freedom and prosperity, whether we like it or not, must depend in the last analysis upon the strength and policy of Great Britain. We are, in fact, like most other small nations, a satellite Power; and ideological, geographical and economic reasons alike dictate our alliance with Great Britain in the event of war. It is absurd to pretend otherwise; for at the present moment the only thing that stands between us and foreign domination of a peculiarly

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unpleasant kind is the power of the British navy. Although our Government know this quite well, they choose, either through fear or through incapacity, to pursue an ostrich-like policy of pretending that we are able to defend ourselves. It is to be hoped that they will not soon suffer a rude awakening.

Unfortunately the great mass of the people have little knowledge of, or interest in, foreign affairs. Apart from an historic friendship for the United States of America, a vague dread of communism, a suspicion of England and a strong loyalty to the Holy See, they have no definite views on foreign policy. Their general attitude was recently well illustrated when the first Labour Lord Mayor of Cork, Councillor James Hickey, T.D., an intelligent and upright man, refused to take part in a civic welcome to the officers and cadets of a German training-ship because of the insult offered to the Catholic world by the German newspapers in referring to the late Pope Pius XI as "a political adventurer". He emphasised that his protest was directed against the official German point of view, and not against the masses of the German people. Whatever may be thought of the Lord Mayor's action from the standpoint of international etiquette, there can be no doubt whatever that it reflects the general opinion, not only of his fellow citizens, but indeed of the great majority of his fellow countrymen. The training-ship, however, was officially welcomed by the Irish Government. It is understood that the German diplomatic representatives were much incensed by the Lord Mayor's action. On February 12, the Government made a somewhat tardy concession to popular opinion by recognising General Franco's Government in Spain a few days before Great Britain did so. Another example of Ireland's attachment to the Holy See was afforded by Mr. De Valera's attendance in Rome at the coronation of the new Pope. His late Majesty Edward VII was scarcely speaking in metaphor when he complained that His Holiness was the real King of Ireland.

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A more important reaction to the general European tension has been the increase in the estimates for defence. It is unfortunately clear that, as Dr. O'Higgins pointed out in the Dail on February 8, this country last September was practically devoid of plan, policy or means of defence, and that ammunition and anti-aircraft guns were almost entirely lacking. In order to remedy this state of affairs, provision is now being made for the expenditure of £5,500,000 on capital equipment and stores. Of this sum a million pounds are to be spent on aeroplanes and another million on anti-aircraft guns and ammunition. Military aerodromes and an ammunition factory are to be built. The army is also to be increased in number, from 21,000 to 30,000, of whom more than half will be part-time volunteers. It is to include a coast patrol and a mine-sweeping service, which will probably be used for the defence of the fortified ports and the Shannon airport. The new Irish soldier will apparently be "soldier and sailor too". Unfortunately there seems to be small inclination amongst educated Irishmen to choose our army as a career. The cadet corps is at present much under strength, and young men with a military vocation seem more inclined to seek service in the British forces. Having regard to the expenditure on armaments of other small European countries, one can hardly consider our new commitments excessive. Provision is also being made for reserves of food and other essential commodities.

Speaking during the debate on the estimates, Mr. Frank Aiken, the Minister for Defence, said that our first problem was the maintenance of neutrality, and the second to defend ourselves if we were attacked by some Power that wanted to use this country as a base against England. Mr. McGilligan, on behalf of the Opposition, ridiculed the idea that we could remain neutral in the next war, and pointed out that our fortified ports could be of use only to a naval Power. Mr. De Valera's speech during the debate added little to the statement already quoted.

PARTITION

He admitted that it would be difficult to remain neutral and that it was essential for us to continue our trade with Great Britain in cattle and other agricultural products. Replying to a question by Mr. McGilligan, he said that if we were attacked our forces would combine with British forces for the defence of Ireland. And in that somewhat unsatisfactory position the problem of Irish defence policy must await the event.

II. PARTITION

DURING his speech in the debate on defence, Mr. De Valera pointed out that the existence of the Northern border made it difficult to plan the defence of the country as a whole. Partition, he said, was a stimulant to those who still believed that England's difficulty was Ireland's opportunity. His Government wanted to end the quarrel with England, and as a free people they would wish in their own interests to see Great Britain powerful and strong.

The whole question of partition has recently been the subject of an illuminating debate in the Senate on a motion by Senator Frank MacDermot that the policy of the Government ought to take more serious account of the sentiments and interests of the majority of the people in Northern Ireland. His thesis was that the border was the external symptom of an internal disease, which was curable only by ourselves after proper diagnosis and treatment. He claimed that the campaign conducted by the Government and its supporters against partition during the last few months was doing, and was likely to do, more harm than good. His motion was put down, he said, before the outrages which had taken place in England, but these events only gave it additional force. Acts of violence were the logical consequence of attributing to England the entire blame for continuing partition, and of the inflammatory speeches that had lately been delivered. It

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had been said that Northern Ireland was the "pampered pet" of the British, but he thought the description could better be applied to the rest of Ireland. There was no other country in the Commonwealth that had enjoyed all its advantages and yet had refused to shoulder its obligations as Ireland had. He said he was an optimist about reunion, provided they realised that the issue depended on themselves, and not on the British Government. He urged the Government to make some definite statement on its attitude towards such fundamental matters as access to British markets, citizenship of the Commonwealth, allegiance to the King, the question of language and of flags and anthems, so that the people of the North would know where they stood in the event of union. Posterity would not easily forgive us if at this crisis in our history we sacrificed substance to shadow through pettiness and obstinacy.

Mr. De Valera's long and rather rambling speech at the close of the debate added little to his many previous statements on this subject. The British Government, he insisted, was responsible for the existing situation, and, whilst he admitted that it could not be cured by force, yet he confessed that he would, if he had the power, take over by force those districts in Northern Ireland where Nationalists were in a majority. To placate the North he would give up neither the policy of reviving the Irish language nor what he called "the internal republic", but he would be prepared to continue external association with the Commonwealth so long as the Irish people desired to do so. Apparently he is still blind to the fact that, unless we arrive at a *modus vivendi* on such questions as Senator MacDermot mentioned, the majority in Northern Ireland will never willingly associate themselves politically with the rest of Ireland. He did, however, admit—and it is now the essence of the matter—that if an agreed solution was reached between North and South there would be no objection from the British Government.

PARTITION

The reactions of Ulster to this discussion were true to type. Whilst Senator MacDermot's speech was welcomed as a clear and realistic presentation of the difficulties to be surmounted, Mr. De Valera's reply only provoked the Northern politicians to further uncompromising statements of their position. At a meeting of the Ulster Unionist Council in Belfast on March 3, a letter was read from Sir Samuel Hoare, the British Home Secretary, who was unable to attend, stating that the position of the British Government remained unchanged, and that no body of organised opinion in England would countenance the coercion of Ulster into an all-Ireland union. Lord Londonderry, who took Sir Samuel's place, declared that Northern Ireland did not desire Dominion status. Its people were resolute in their loyalty to the Throne and desired the closest possible association with Great Britain. They would, he said, have no part or lot in any policy which disregarded the Crown. Mr. De Valera's offer, he said, was "of a very poor quality", and could not be entertained in any circumstances whatsoever. Much as one may deplore dihard speeches of this kind, it would be idle to deny that they reflect the Northern point of view and are the natural answer to the extremists on this side of the border.

But there is another most serious and relevant consideration which was well put by Mr. James Dillon, T.D., the deputy leader of the United Ireland party, speaking at Armagh on March 19, when he pointed out that the leaders of the majority in Northern Ireland could render no greater service to the Commonwealth to-day than to announce their readiness, in face of danger, to enter into negotiations with the Irish Government in order to re-establish a united Ireland. This could then play its part in uniting the democracies of the world for peace, and, by their unity and resolution, preventing the totalitarian States from embarking on the desperate adventure of war.

Speaking at Ennis on April 16, Mr. De Valera, after

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referring to the Irish Government's desire to keep neutral in the event of war, asked if it was too much to hope that, in this time of anxiety and impending danger, our fellow countrymen in the North East, who differed from us in the past, would join with us for the defence of those rights which we held in common. Our whole history was proof, he said, that if they came in with us there would be no discrimination of any kind against them. From a united Ireland Great Britain would have nothing to fear. Lord Craigavon's comment on this declaration was that it was most cowardly, and that Northern Ireland could have nothing to do with people who chose to remain neutral. The King's name has recently been omitted from our passports, and Mr. De Valera has pointed out that His Majesty is merely a "statutory officer" so far as we are concerned. No doubt this is to be taken as another proof of our anxiety for Irish unity.

On April 27 Mr. De Valera, who had planned to start the following day on an official visit to America, informed the Dail that "grave events which had occurred the previous day" had caused him to change his plans and to remain in Ireland. It was clear that he had in mind the British Government's decision to introduce conscription in so far as this might affect Northern Ireland. The vehement opposition of the Nationalist population there was at once declared, and on May 1 Cardinal MacRory and the Catholic Bishops of that area issued a statement denouncing the application of conscription to Northern Ireland as disastrous and an aggression against our national rights. The following day Mr. De Valera announced in the Dail that his Government had protested to the British Government in the strongest terms against such a course, which he, too, characterised as an act of aggression. The threat contained in the British Military Service Bill, under which conscription might be extended to Northern Ireland by order in council, was intolerable. The entire Dail supported his protest, which undoubtedly voiced Irish opinion a

THE CHALLENGE OF THE I.R.A.

home and abroad. There was therefore considerable relief and satisfaction in Ireland when Mr. Chamberlain announced in the House of Commons on May 4 that the Bill would not be extended to Northern Ireland. It is unfortunate that this was not made clear in the first instance. Lord Craigavon, who crossed to London on May 2 to see Mr. Chamberlain at the latter's request, after affirming Ulster's desire for conscription, said that he left the decision in the hands of the Imperial Government, and asked to be informed in what way Ulster could best serve the mother country. The only real way in which she could do so, namely, by attempting to secure Irish unity within the Commonwealth, does not seem to have occurred to him. But if he is wise he will see the writing on the wall, for to-morrow such an accommodation may be impossible.

III. THE CHALLENGE OF THE I.R.A.

THE campaign of explosive outrage that began in Great Britain during January has since then continued sporadically.* It soon became clear that it was being carried on by the small band of Irish extremists who call themselves the Irish Republican Army. It would appear from published documents that on December 8 last the surviving members of the Second Dail, who claim to be the Government of the Irish Republic, handed over their powers to the Council of the I.R.A. On January 15 the latter body issued a proclamation calling upon England to withdraw her armed forces and officials from every part of Ireland, as an essential preliminary to arrangements for peace and friendship between the two countries. It also referred to the efforts they were about to make to compel that evacuation. This document, which was signed by certain well-known members of the I.R.A., and was posted publicly throughout Ireland, was apparently also sent to the British Government.

* See THE ROUND TABLE, No. 114, March 1939, p. 368.

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Most of those tried on charges arising from the outrages refused to plead on the familiar ground that, being soldiers of the I.R.A., they could not recognise the jurisdiction of the court. In a message from the Council of the I.R.A., which was read at public meetings in Ireland during the celebrations in memory of the Easter Rising of 1916, reference was made to the activities of the "expeditionary forces in Britain", which it was stated had been attended by "a degree of success". The mentality of its authors is illuminated by the statement that recognition of the separate nationality of Scotland and Wales had been granted and activities were accordingly being confined to England. It was added that no operations were contemplated in Ireland.

This campaign in England was nevertheless a direct challenge to the authority of the Irish Government, a challenge that could not be ignored. At first they preserved silence, but on February 7 Mr. De Valera announced that they were going to carry out their obligations. They were, he said, the rightful, lawful Government, and no other group or body had the right to talk for the Irish people. They would do their duty at any cost to themselves.

Mr. De Valera had apparently believed that, because under the new constitution anyone is free to agitate for a republic, the extreme element would cease their subversive activities. Acting on this optimistic belief, he did not re-enact the provisions of article 2A of the old constitution, which enabled political offences to be brought before military tribunals and gave wide powers of arrest and detention in such cases. As might have been expected, the removal of these drastic provisions only led to an immediate revival of I.R.A. activities. Article 38 of the new constitution, however, provides that special courts may be established by law for the trial of offences in cases where the ordinary courts are deemed inadequate to secure the effective administration of justice and the preservation of order.

THE CHALLENGE OF THE I.R.A.

On February 8 Mr. Rutledge, the Minister for Justice, introduced two Bills to deal with the situation. The first provides for the punishment of treason by death and also deals with the punishment of ancillary offences, while the second deals with specific offences against the state such as the usurpation of government functions, obstructing the government, illegal drilling, the formation of secret societies, administering unlawful oaths and publishing seditious matter. The latter Bill provides that when the Government is satisfied that the ordinary courts cannot deal with these offences, which is unfortunately the normal position, they may by proclamation set up special courts to do so, and may also intern and interrogate persons who are suspected of political offences. As a safeguard the Bill provides that such a proclamation may at any time be annulled by a resolution of the Dail, whereupon this emergency provision will cease to operate. Mr. Rutledge, when introducing this measure, did not refer directly to the outrages in England, but read the I.R.A. proclamation already referred to, which showed, he said, that there existed in the country an armed organisation claiming the right to speak and act in the name of the Irish people. He referred also to the blowing up of the customs huts on the Northern border last November with explosives sent from Irish territory.

Mr. Cosgrave's party, United Ireland, while adopting a critical attitude towards the terms of this legislation, did not oppose it in principle. The Labour party, on the other hand, voted against both Bills, and their leader, Mr. Norton, made one of the most effective speeches during the debate. He referred, rather unkindly, to similar republican proclamations issued by the present Minister for Justice when he was acting in armed opposition to Mr. Cosgrave's Government, and he quoted with evident delight the speeches of Mr. De Valera and other members of the present Government denouncing similar legislation when it was introduced, under far more urgent conditions,

IRELAND'S VITAL PROBLEMS

by Mr. Cosgrave in 1931. He also read statements by Mr. De Valera to the effect that under his Government such coercive measures would not be necessary. For the rest Mr. Norton's speech was a bid for the extreme republican vote. He suggested that, as the ordinary law was sufficient to deal with the outrages in England, it ought to be sufficient here. This is of course absurd, because intimidation of judges and juries is fortunately not possible in England.

Mr. De Valera, during the debate, admitted with evident sorrow that his theories concerning the effect of the new constitution had proved fallacious, and that the Government could not be responsible for the government of the country unless they obtained the powers sought. It remains to be seen whether they will have the necessary courage to use the powers they obtain. If they do, it is almost certain that the campaign of outrage will not be confined to England. Already Miss Mary MacSwiney, that redoubtable diehard, has publicly charged Mr. De Valera with national apostasy and treason, and has stated that if he stains his hands with the blood of republicans he and everyone who supports him will be guilty of murder. The implication of this challenge is obvious. Will Mr. De Valera deal firmly with the extremists, or will he evade the issue? Upon the answer to that question must depend the ultimate fate of his Government.

IV. ECONOMIC PORTENTS

RECENT ministerial speeches suggest that the Government are engaged in trying to change their economic front. The manœuvre is not an easy one to execute. As a result of their policy during recent years, the value of industrial output has risen in almost exactly the same measure as the value of agricultural output has declined. Since there is practically no export trade in anything but agricultural produce, the establishment of industrial

ECONOMIC PORTENTS

undertakings can only result in the transfer of labour from agriculture to industry without any increase in the net output of national wealth. While the Government have been seeking to build up little industries which can never hope to do an export trade, the Danes, with the aid of their better standards and methods, have captured the huge British market for butter, bacon and eggs.

In addressing the opening meeting of the Agricultural Commission, Dr. Ryan, the Minister for Agriculture, said that in enquiring into the position of agriculture there would not be a great deal to be gained by post-mortems. What mattered now was the measures that might be taken for the future improvement of the agricultural industry. It was essential, he said, that this country's produce should achieve a reputation of the highest possible quality, and they must avoid a policy that might be akin to placing agriculture permanently on the dole. While one can understand the Minister's objection to enquiring too closely into the reasons for the moribund condition of Irish agriculture, one is certainly startled by his repudiation of the Government's former policy, which made Irish agriculture almost entirely dependent on subsidies, bounties and guarantees, and which affected to ignore the British market. On April 20 the County Dublin farmers called a one-day strike and procession to draw attention to their plight.

The recent report of the Prices Commission on the prices charged here for bacon illustrates only too well the result of eliminating external competition by means of tariffs and quotas. The Commission found that the excess profits of the bacon-curers in the four years 1934-37 amounted to £308,000, and that, through the elimination of all competition, the prices charged to the home consumer are inordinately high. Never was there a more striking illustration of the way in which protection may prove a boomerang.

The detailed analysis of the 1936 census, which was recently published, also proves that the drift from country

IRELAND'S VITAL PROBLEMS

to town, and the emigration of our young people, continue in spite of political emancipation. The most striking figure, however, is the marriage rate of those who remain behind. Between the ages of twenty-five and twenty-nine, 82 per cent. of our male population remain single. This is by far the highest percentage in Europe, and but for the high degree of fertility among those who do marry the total decline of population would be serious indeed. The marriage problem is of course more fundamental than that of emigration. It arises largely from the fact that under peasant proprietorship the eldest son gets the farm, generally late in life, and the younger sons remain celibate or leave the land.

Mr. Lemass, the Minister for Industry and Commerce, has recently confessed that we can no longer blame external misgovernment for these evils, but must now accept responsibility for them ourselves. He also admits that, while agricultural prices have increased by only 14 per cent. since 1914, the cost of other goods and services has risen by 75 per cent., and that the national need demands a conscious sacrifice by all sections of the community for the benefit of the farmers. Other projects, he says, must stand over until this is done. In other words, agricultural prices must be raised or other prices lowered. This is the dilemma from which the Government finds it impossible to escape. The forced development of industry is also giving trouble in other directions. For instance, the projected oil refinery in Dublin has had to be abandoned after considerable expenditure owing to the opposition of the petrol combines. On the other hand, there is a welcome increase in both our exports to Great Britain and our imports from her. We are one of the three countries that increased their exports during 1938.

Speaking at the opening meeting of the Commission that has been set up by the Government to report on the practicability of developing vocational organisation here, Mr. De Valera pointed out that vocational organisation,

WILLIAM BUTLER YEATS

enabling people engaged in the same calling to come together to promote their interests, was consistent with any type of political structure. Such an organisation would relieve the state of attending to details and save us from bureaucracy. The real difficulty that confronts the Commission is to find a happy mean between a spontaneous and a state-controlled organisation of our vocational life. What is wanted is an organisation of our rural society which will recognise its patriarchal nature, with roots in the family and the parish. Outside the Church no such organisation yet exists.

V. WILLIAM BUTLER YEATS

NO chronicle of recent Irish events would be complete that did not mention the death of William Butler Yeats, which took place at Mentone on January 28. Poet, philosopher, dramatist, he gave to Ireland not only a national theatre but almost a new literature. Of Irish Protestant stock, heir to the great tradition of Anglo-Irish literature, and proud of his descent and his inheritance, he yet interpreted the life of Catholic rural Ireland and the old Gaelic legends to the world. Himself no politician, he wrote one play whose exalted symbolism has been an oriflamme to Irish nationalism. Yet he had no sympathy with the dangerous and dishonest mentality that seeks to distinguish between a "Gael" and an Irishman. His poetry, which developed from the romantic tradition through quietness and simplicity to an astringent austerity, displayed to the end the same singleness of purpose and the undimmed vitality of youth. Not only Ireland but all Europe must mourn the loss of such a spirit in these days of darkness, doubt and danger, when, in his own words,

*"The best lack all conviction, while the worst
Are full of passionate intensity."*

Ireland,

May 1939.

R R

MR. GANDHI'S FAST

I. PRE-FEDERATION FERMENT

EFFORTS to bring about federation in India have been temporarily overshadowed by developments in the relations between British India and the Indian states,* although indeed the inevitability of federation is largely responsible for the conflict. In the Congress party itself, the present pre-federation ferment in political thinking has a pro-federation incentive—this in face of the fact that the Congress still bitterly condemns the particular form of federation envisaged in the 1935 Act. Like the British authorities the Congress is anxious to maintain and consolidate the existing unity of the country; its main anxiety at the moment, however, is to enhance Congress power in the expected federation. The princes and the Moslems, on the other hand, hesitate to accept federation, being apprehensive of their future status under a system that may give the Congress a deciding voice. The Moslems in particular are showing bitter hostility both to the Congress and to federation. Instead of encouraging all-India unity, they are preaching a policy of separatism for Moslem areas which, if achieved, would segregate the Moslems into a series of Ulsters throughout the country.

The conflict between the Congress and the states reached its climax over the affairs of Rajkot, a small western state. The ruler, known as the Thakore Saheb, gave an undertaking to Mr. Vallabhai Patel, the Gujarati Congress leader, to appoint a committee of ten to formulate a scheme of reforms in his state, and to accept the recommendations of Mr. Patel regarding seven of its members. The

* See article above on "The Future of the Indian States", p. 504.

THE VICEROY'S INTERVENTION

discussions that led to this arrangement were carried out amid considerable agitation in the state. Mr. Patel had indicated, moreover, that the outcome of the campaign for responsible government in Rajkot would be a measure of success for the campaign in the states generally. When the time came for the Thakore Saheb to accept the names recommended by Mr. Patel, he found himself unable to agree to several. Mahatma Gandhi, who had closely associated himself with the Rajkot "struggle", thereupon declared that the Thakore Saheb had committed a "breach of faith". He further alleged that the British Resident in Rajkot had been responsible for destroying the arrangement made between the Thakore Saheb and Mr. Patel. This was firmly denied by the Political Department of the Government of India. The official statement explained that in rejecting certain of Mr. Patel's nominees the Thakore Saheb acted on his own initiative under the terms of the agreement. This view was contested by Mr. Gandhi, who proceeded to Rajkot, and entered upon a fast as a protest against the Thakore Saheb's alleged breach of faith. The situation was now described in the nationalist press as a first-class issue between the Congress and the Paramount Power, although in its early stages it had been regarded by the Paramount Power as a minor issue between the Congress and the Thakore Saheb, who had voluntarily entered into negotiations with Mr. Patel.

II. THE VICEROY'S INTERVENTION

MR. GANDHI'S fast released a flood of criticism of conditions in Rajkot, and it was urged on all hands that the Viceroy should intervene to end the dispute. While some sections of the press deplored the fast on the ground that it savoured of coercion, the general Indian opinion was that the Thakore Saheb had forfeited all claims to sympathy. Several Congress Ministries indicated that they would find it increasingly difficult to remain in office

MR. GANDHI'S FAST

if the fast in Rajkot continued. The Viceroy, touring in the Rajputana states, hurried back to Delhi and placed himself in touch with Mr. Gandhi. Exchanges between Delhi and Rajkot ultimately narrowed the issue to certain fundamental points, which the Viceroy suggested should be referred to the Chief Justice of India, Sir Maurice Gwyer, for his interpretation of the documents. Mr. Gandhi agreed, called off his fast, and prepared to visit the Viceroy at the latter's invitation. Several interviews took place between the two men, and it was generally understood in India that wider problems, including federation, were considered as well as those of Rajkot itself.

The feeling of relief that swept the country after Mr. Gandhi had ended his fast was followed by glowing tributes to the Viceroy, for which no parallel can be found in India since the Irwin-Gandhi agreement of 1931. While the princes and the Moslems watched these developments with increasing anxiety, it became clear that the Viceroy's intervention had the fullest endorsement in Hindu circles in the Congress. Whereas the Western mind tends to resent an attitude that accepts fasting as a legitimate political weapon, Hindu opinion interpreted the fast as a moral protest against a breach of faith, and in this respect the Hindu response was spontaneous and sincere. Congress supporters felt certain from the first that the Chief Justice would give an award in favour of Mr. Patel's contention, as in fact he did. Sir Maurice held that the Thakore Saheb had undertaken to appoint the persons whom Mr. Patel recommended and had not reserved to himself the right to reject those whom he did not approve. Mr. Gandhi, regarding himself as vindicated, called off civil disobedience, not only in Rajkot but also elsewhere. The controversy, however, served to increase both the bitterness of the Moslems towards the growing prestige of the Congress, and the apprehensions of the princes regarding their future in the Indian political scheme.

CONGRESS DISSENSIONS

III. CONGRESS DISSENSIONS

THE Rajkot dispute had another secondary effect. It relegated to the background a controversy that had arisen within the Congress party over the annual presidential election. In the past, Congress delegates have unanimously elected a president previously nominated by the party leaders, but this year Mr. Subas Chandra Bose, the retiring president, insisted on contesting the election against the party nominee, Dr. Pattabhai Sitaramayya. Mr. Bose refused to withdraw, even at the request of Mr. Gandhi. The election became a direct clash between the Left wing, represented by Mr. Bose, and the Right. It was preceded by statements and counter-statements which disclosed party differences never before made public. Mr. Bose contended that his opponent had been selected because he would be more pliable in compromising over federation. The presidency, he maintained, should reflect a definite political policy, which the president should be enjoined to carry out. Those sponsoring Dr. Sitaramayya, on the other hand, held that the office was merely a nominal position, from which the broad nationalist policy was directed. In a poll of nearly 3,000 votes, Mr. Bose won by a majority of over 200. The result was regarded as defeat for the upper hierarchy of the party; Mr. Gandhi frankly admitted that it was a defeat for himself.

The vote raised new and awkward problems for the Congress leaders. The majority of the existing Working Committee resigned, as being unable to collaborate with a president whose election they had opposed. In any event the old committee realised that if Mr. Bose carried out his theory of the presidential office he would replace the Right-wing elements which had controlled the organisation for years by a Working Committee reflecting more extreme views. On the surface, the resignations left Mr. Bose free to select such a committee, but in fact he was deprived of all the party's experienced leaders. Without Mr. Gandhi's

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blessing, his presidential election was only a sham success. The decision of Pandit Jawaharlal Nehru to accompany his fellow committee-men into retirement bewildered those Left-wing elements who had thought that in electing Mr. Bose they were about to bring Congress policy more into line with the Pandit's ideas. A split in the party on ideological lines would have been the logical sequence to Mr. Bose's election, but strenuous efforts were made to keep the organisation intact, particularly with the aim of retaining Mr. Gandhi's indirect leadership.

Mr. Bose, a sick man, proceeded to the annual convention at Tripura, conscious of the fact that, although he had split the organisation from top to bottom, he had not gained his way, since he had lost Mr. Gandhi's influence. Although the latter had informed Mr. Bose that he was free to select a homogeneous Working Committee reflecting opinions of the kind he himself held, it quickly became clear at Tripura that the majority of the delegates were unwilling to sacrifice Mr. Gandhi's unofficial leadership. A resolution brought forward by Pandit Govind Ballabh Pant, Premier of the United Provinces, showed that the old leaders were not ready to be superseded without a challenge. The resolution expressed the confidence of the party in the leadership of the Working Committee during the previous year, and requested the president to nominate his new Working Committee in accordance with the wishes of Mr. Gandhi. A division was not challenged. The convention thus completely vindicated the leadership and policy of Mr. Gandhi, to the confusion of the new president.*

India,

April 1939.

* Mr. Bose has since resigned, and Mr. Rajendra Prasad, a member of the Right wing, has been elected president in his stead. — EDITOR.

BRITISH FOREIGN POLICY

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1. *Statement in the House of Lords by Viscount Halifax, Secretary of State for Foreign Affairs, March 20, 1939.*

The Munich Settlement . . . was accepted by His Majesty's Government for two purposes, quite distinct. The first purpose was to effect a settlement, as fair as might be in all the extremely difficult circumstances of that time, of a problem which was a real one, and of which the treatment was an urgent necessity if the peace of Europe was to be preserved. . . . I have no doubt whatever that His Majesty's Government were right, in the light of all the information available to them, to take the course they did. The second purpose of Munich was to build a Europe more secure, upon the basis of freely accepted consultation as the means by which all future differences might be adjusted; and that long-term purpose, my Lords, has been, as we have come to observe, disastrously belied by events. . . .

In his actions after Munich a case could be made that Herr Hitler had been true to his own principles, the union of Germans in, and the exclusion of non-Germans from, the Reich. Those principles he has now overthrown, and in including 8 million Czechs under German rule he has surely been untrue to his own philosophy. The world will not forget that in September last Herr Hitler appealed to the principle of self-determination in the interests of 2 million Sudeten Germans. That principle is one on which the British Empire itself has been erected, and one to which, accordingly, as your Lordships will recollect, we felt obliged to give weight in considering Herr Hitler's claim. That principle has now been rudely contradicted by a sequence of acts which denies the very right on which the German attitude of six months ago was based, and, whatever may have been the truth about the treatment of 250,000 Germans, it is impossible for me to believe that it could only be remedied by the subjugation of 8 million Czechs. . . .

Broadly speaking, there have been, at all events since the war, two conflicting theses as to the best method of avoiding conflicts and creating security for the nations of the world. The first thesis is . . . the thesis expressed in the Covenant of the League of Nations. . . . The second, which has been in conflict, has been upheld by those who considered that systems seeking to provide collective security, as it has been termed, involved dangerously indefinite commitments quite disproportionate to the real security that these commitments gave. . . .

I have no doubt that in considering these two theses the judgment of many has been influenced by the estimate that they place, rightly

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or wrongly, upon the probability of direct attack. If it were possible, in their judgment, to rate that probability low, then that low probability of direct attack had to be weighed against what might seem to them the greater risk of States' being involved in conflicts that were not necessarily arising out of their own concerns. But if and when it becomes plain to States that there is no apparent guarantee against successive attacks directed in turn on all who might seem to stand in the way of ambitious schemes of domination, then at once the scale tips the other way, and in all quarters there is likely immediately to be found a very much greater readiness to consider whether the acceptance of wider mutual obligations, in the cause of mutual support, is not dictated, if for no other reason than the necessity of self-defence. His Majesty's Government have not failed to draw the moral from these events, and have lost no time in placing themselves in close and practical consultation, not only with the Dominions, but with other Governments concerned upon the issues that have suddenly been made so plain.

2. Statement in the House of Commons by Mr. Neville Chamberlain, Prime Minister, March 31, 1939.

Certain consultations are now proceeding with other Governments. In order to make perfectly clear the position of His Majesty's Government in the meantime, before those consultations are concluded, I now have to inform the House that during that period, in the event of any action which clearly threatened Polish independence and which the Polish Government accordingly considered it vital to resist with their national forces, His Majesty's Government would feel themselves bound at once to lend the Polish Government all support in their power. They have given the Polish Government an assurance to this effect. I may add that the French Government have authorised me to make it plain that they stand in the same position in this matter as do His Majesty's Government.

3. Statement in the House of Commons by the Prime Minister, April 3, 1939.

The commitments of this country, whether actual or potential, were stated some time ago by my Right Hon. friend the member for Walsley and Leamington. Mr. Leach, in a passage which is famous for its clarity and candour, expressed the facts . . . It at that time it had been suggested that we should add to those commitments something affecting a country in the eastern part of Europe, it would, no doubt, have obtained some limited amount of support, but it certainly would not have commanded the approval of the great majority of the country. Indeed, to have departed from our traditional ideas in this respect so far as I did on behalf of His Majesty's Government on Friday constitutes a portent in British policy so momentous that I think it is safe to say it will have a chapter to itself when the history books come to be written. . . .

Of course, a declaration of that importance is not concerned with

* See THE ROUND TABLE, No. 108, September 1937, p. 724.

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some minor little frontier incident; it is concerned with the big things that may lie behind even a frontier incident. If the independence of the State of Poland should be threatened—and if it were threatened I have no doubt that the Polish people would resist any attempt on it—then the declaration which I made means that France and ourselves would immediately come to her assistance. . . .

It is not so long ago that I declared my view that this country ought not to be asked to enter into indefinite, unspecified commitments operating under conditions which could not be foreseen. I still hold that view; but here what we are doing is to enter into a specific engagement directed to a certain eventuality, namely, if such an attempt should be made to dominate the world by force. . . . If that policy were the policy of the German Government it is quite clear that Poland would not be the only country which would be endangered.

4. *Statement in the House of Commons by the Prime Minister, April 6, 1939.*

The conversations with M. Beck have covered a wide field and shown that the two Governments are in complete agreement upon certain general principles.

It was agreed that the two countries were prepared to enter into an agreement of a permanent and reciprocal character to replace the present temporary and unilateral assurance given by His Majesty's Government to the Polish Government. Pending the completion of the permanent agreement, M. Beck gave His Majesty's Government an assurance that the Polish Government would consider themselves under an obligation to render assistance to His Majesty's Government under the same conditions as those contained in the temporary assurance already given by His Majesty's Government to Poland.

5. *Statement in the House of Commons by the Prime Minister, April 13, 1939.*

Once confidence has been roughly shaken it is not so easily re-established, and His Majesty's Government feel that they have both a duty and a service to perform by leaving no doubt in the mind of anyone as to their own position. I, therefore, take this opportunity of saying on their behalf that His Majesty's Government attach the greatest importance to the avoidance of disturbance by force or threats of force of the *status quo* in the Mediterranean and the Balkan Peninsula. Consequently, they have come to the conclusion that, in the event of any action being taken which clearly threatened the independence of Greece or Rumania, and which the Greek or Rumanian Government respectively considered it vital to resist with their national forces, His Majesty's Government would feel themselves bound at once to lend the Greek or Rumanian Government, as the case might be, all the support in their power. We are communicating this declaration to the Governments directly concerned, and to others, especially Turkey, whose close relations with the Greek Government are known. I understand that the French Government are making a similar

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declaration this afternoon. I need not add that the Dominion Governments, as always, are being continuously informed of all developments.

6. Statement in the House of Commons by the Prime Minister, May 10, 1939.

His Majesty's Government recently accepted a definite obligation in respect of certain eastern European States. They . . . undertook these obligations without inviting the Soviet Government to participate directly in them, in view of certain difficulties to which, as the House is well aware, any such suggestion would inevitably give rise. His Majesty's Government accordingly suggested to the Soviet Government that they should make, on their own behalf, a declaration of similar effect to that already made by His Majesty's Government, in the sense that, in the event of Great Britain and France being involved in hostilities in discharge of their own obligations thus accepted, the Soviet Government, on their side, would express their readiness also to lend assistance, if desired. . . .

Almost simultaneously, the Soviet Government suggested a scheme at once more comprehensive and more rigid which, whatever other advantages it might present, must in the view of His Majesty's Government inevitably raise the very difficulties which their own proposals had been designed to avoid. His Majesty's Government accordingly pointed out to the Soviet Government the existence of these difficulties. At the same time they made certain modifications in their original proposals. In particular, they made it plain that it was no part of their intention that the Soviet Government should commit themselves to intervene, irrespective of whether Great Britain and France had already, in discharge of their obligations, done so.

7. Statement in the House of Commons by the Prime Minister, May 12, 1939.

His Majesty's Government in the United Kingdom and the Turkish Government have entered into a consultation, and the discussions which have taken place between them, and which have been continuing, have revealed their customary identity of view. It is agreed that the two countries will conclude a definitive long-term agreement of a reciprocal character in the interests of their national security. Pending the completion of the definitive agreement His Majesty's Government and the Turkish Government declare that in the event of an act of aggression leading to war in the Mediterranean area they would be prepared to co-operate effectively and to lend each other all the aid and assistance in their power.

GREAT BRITAIN

I. NATIONAL UNITY

IF the German invasion of Czechoslovakia served no other useful purpose, it restored to British opinion on foreign policy a unity more complete than it had enjoyed since 1935. Since the signing of the Munich agreement, Mr. Neville Chamberlain had been the object of bitter attack by Opposition critics, for his failure, as they put it, to "stand up to Hitler", and for his alleged betrayal of a democratic people to the fascist dictators. That this hostility was not shared by the majority of the electorate was suggested by the response to an inquiry organised by the British Institute of Public Opinion, the "Gallup poll" of Great Britain, which is admittedly still in its infancy. A select cross-section of voters were asked :

Which of these statements comes nearest to representing your view of Mr. Chamberlain's policy of appeasement ?

(1) It is a policy which will ultimately lead to enduring peace in Europe.

(2) It will keep us out of war until we have time to rearm.

(3) It is bringing war nearer by whetting the appetites of the dictators.*

Of those asked, 28 per cent. assented to the first proposition, 46 per cent. to the second, and 24 per cent. to the third, 2 per cent. offering no opinion. Thus over three-quarters of those who answered at all were to be reckoned as supporters of the "appeasement" policy, though most of them on the slightly cynical if none-the-less sensible ground that it staved off war until we had a better chance of victory. It is significant that nearly one-half of those among the people interviewed who reckoned themselves

* *News-Chronicle*, March 15, 1939.

GREAT BRITAIN

supporters of the Opposition assented to this pragmatic approval of Mr. Chamberlain's policy, and another 11 per cent. to the full approval affirmed in the first proposition.

The by-elections have likewise given no sign either of great enthusiasm or of violent distaste for Mr. Chamberlain's Government. At Batley and Morley, the Labour majority rose from 2,828 to 3,896, on a poll of over 36,000, both parties receiving fewer votes than at the general election in 1935. There was a very similar result in South Ayrshire, where the Labour majority rose from 4,804 to 4,922, on a poll of approaching 31,000. In Kincardine and West Aberdeenshire, a National Government candidate received a majority of 1,121 over the same Liberal candidate who had been defeated by 2,636 in 1935, on that occasion by an avowed Conservative. In the Hallam division of Sheffield, a fortnight after the announcement of conscription, the Conservatives held the seat with a majority reduced from 10,952 to 6,094; but the fall was due to abstentions, deliberate or careless, on the Government side, not gains to Labour, whose poll was actually lower than in 1935. Three by-elections on May 17 had similar results. In the Abbey division of Westminster and the Aston division of Birmingham, Government majorities fell from 12,862 to 5,004 and from 10,355 to 5,901 respectively; in North Southwark, a Liberal National majority of 79 was converted into a Labour majority of 1,493: but in each of these elections the Opposition poll as well as the Government poll suffered a decline.

Labour has not increased its appeal by continuing to display disunity in its own ranks. The party executive, after expelling Sir Stafford Cripps from the party for having launched a campaign for a "popular front",* subjected two of his fellow M.P.s—Mr. Aneurin Bevan and Mr. G. R. Strauss—to the same penalty for associating themselves with Sir Stafford's campaign. The "heresy hunt" is being prosecuted with great thoroughness by the Labour

* See THE ROUND TABLE, No. 114, March 1939, p. 389.

NATIONAL UNITY

hierarchy. At its annual Easter conference, the Co-operative party rejected by a card vote of 2,834,000 to 1,923,000 a motion in favour of a "peace alliance" designed to eject the National Government, thus directly reversing its own vote of a year ago.

If, however, the opponents of Mr. Chamberlain and his works were in a minority, they made up for it by the fervour and earnestness with which their opinions about his foreign policy were held. They received a somewhat ambiguous reinforcement from Conservative critics like Mr. Eden and Mr. Winston Churchill, though on no occasion has there been any serious split in the Government ranks. But when the House of Commons debated the European situation on April 3, after the Government had announced Great Britain's pledge to Poland, Mr. Eden and Mr. Churchill were among the most cordial congratulators of Mr. Chamberlain, and the Opposition leaders themselves could do little but ask for more.* A few, including Sir Stafford Cripps, continued to demand the resignation of the Prime Minister as one whose policy had been a self-confessed failure, having indeed been followed by the very disasters that they themselves had predicted. Since the change in direction of British foreign policy after the March crisis, there has been, perhaps, less disposition to press for the inclusion of Mr. Eden in the Ministry, his supporters having been drawn entirely from the critics of the "appeasement" policy, who are now themselves appeased; but more for that of Mr. Churchill, since many Government supporters who had previously found themselves opposed to his views on foreign policy now began to hanker for his peculiar powers in reinforcing our defences to meet our new commitments. However, Mr. Chamberlain, having decided upon a Ministry of Supply—albeit an adjunct of the War Office only—gave this portfolio, not to Mr. Churchill, who had been the most

* A series of documents on the change in British foreign policy is printed on pp. 603-6.

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trenchant advocate of the creation of such a Ministry, but to Mr. Leslie Burgin, the Minister of Transport, whose special qualifications for the post had not been universally recognised. The new Ministry, apart from dealing with the problem of military supply, which has been rendered far greater by a sequence of decisions to increase the strength of the army, will also be responsible for acquiring and maintaining the reserves of essential metals and other raw materials required for the defence programme. Mr. Burgin was succeeded as Minister of Transport by Captain Euan Wallace, whose promotion entailed a series of minor ministerial changes.

II. CIVIL DEFENCE

ALMOST as striking as the change in the direction of British foreign policy has been the swift development of defence preparations. The expansion of the navy and air force has not been very much in the public eye, though a succession of warship launches, and reports of the steady increase of aircraft production, have encouraged us in the knowledge that these arms are being made stronger week by week. It is now some months since it was authoritatively stated that the output of military aircraft in Great Britain was of the order of 500 per month, and was still rising.

The centre of interest and controversy during the past quarter, in the field of defence, has been shared by civil defence and the army. In April, all local authorities were asked by the Government to arrange to give priority to civil defence business over all other matters for the next three months. The Government's own most notable move in this sphere was the introduction of a Civil Defence Bill, dealing chiefly with the measures to be taken by industrial and commercial undertakings and by public utilities for the protection of their employees. Among other provisions, the Bill authorised a 50 per cent. grant to public utility undertakings towards the cost of precautionary

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measures, made it compulsory to incorporate structural precautions in certain classes of new buildings, and imposed a statutory obligation on employers to organise air-raid precautions and to provide shelters for their work-people. The Bill also contained provisions relating to war-time organisation of hospitals and the preparation of emergency plans for the evacuation of the civil population from crowded areas.

Another outstanding development during the quarter has been the appointment of regional commissioners and deputy commissioners, who, among other eventual duties, would represent the central government authority in their respective areas if communications were cut. Potential dictators in war time, these functionaries have neither salaries nor executive duties in time of peace. Their names were such as to inspire every confidence. The appointment of a senior commissioner for London, a regional commissioner for Scotland, and a deputy commissioner for the northern region, was deferred, it was stated, until an emergency should actually occur; this course had plainly been indicated by the desirability of enrolling, for these offices, members of the Labour party, who found themselves unable publicly to accept the posts in advance of an emergency.

The problem of shelters for the ordinary urban population who would not be evacuated has been the cause of a good deal of controversy. Much publicity was given to a draft scheme for deep bomb-proof shelters for the public, elaborated by the Finsbury Borough Council. Eventually, however, the plan was rejected by Sir John Anderson, the Lord Privy Seal and Minister in charge of Civil Defence. Apart from technical difficulties to which his official experts had drawn attention, Sir John had been advised that "on any probable view of the conditions of an actual air raid there would not be any real prospect that the inhabitants of the borough as a whole would succeed within the warning period in gaining access to the proposed shelters". The

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Minister had, in fact, received from a specially constituted conference on air-raid shelters, under the chairmanship of Lord Hailey, a general recommendation against the construction of deep shelters.

The universal provision of complete immunity from risks (the conference reported) is impossible. What has to be sought is a balanced programme of reasonable protection, bearing in mind, first, that the factor of time is of vital importance and, secondly, that it is essential to avoid an immoderate diversion of the nation's effort from other activities directed to the maintenance of its own existence and the successful prosecution of war.

The objections raised to deep shelters included their relative inaccessibility, the danger of congestion at the entrances, the risk of creating "a shelter mentality", and the possible diversion of national effort from other more active measures of defence. The conference gave general support to the provision of dispersed shelters, each holding a few people, including under that term both special steel shelters and basements reinforced with steel structures. The Government had anticipated this recommendation by placing orders for large numbers of small steel shelters, which could be erected in gardens or back-yards, and which would be distributed free to those who particularly needed them and who were in receipt of incomes of less than £5 a week. Delivery of these shelters was begun at the end of February, and by Easter about 300,000 had been distributed, capable of accommodating up to 1,600,000 people. It was announced that a million more had been ordered, and that the rate of distribution would be doubled.

Among the other miscellaneous measures of civil defence that have been reported during the past three months have been the following. An information bureau has been set up at the Ministry of Health to advise businesses intending to transfer their headquarters from London or other crowded areas in the event of war; the businesses have been warned to avoid transferring to reception areas, where accommodation would be already taxed to the limit by the children and others evacuated from the cities, to the number

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of a million and a half from London alone. A general outline of war-time lighting regulations has been issued. The Government has set up a Civil Defence Research Committee, composed of eight leading scientists. A definite defence rôle, which will include the protection of public utilities and other vulnerable points, has been allotted to the National Defence Companies, which form a portion of the territorial army reserve. These companies, which are on a military basis, are open to ex-service men between the ages of 45 and 51.

Another field in which defensive plans have gone rapidly forward is that of food supply in the event of war. According to an official statement to the press, the machinery of rationing essential commodities is ready to start at a moment's notice, and a complete rationing system, such as that with which the last war terminated, would be in force within ten days. Plans include the decentralisation of food markets and the distribution of free iron rations to the refugees from the evacuated areas. The Food (Defence Plans) department has circularised all bakers inviting them to hold additional stocks of flour at or near their places of business, as a reinforcement to the centralised stocks which have been accumulated under government authority. Payment for this service is to be made at the rate of 2s. 6d per annum for every extra sack of flour stored. The department has appointed area officers who would, in war time, control the supply of meat and the movement of live-stock. It has also submitted to wholesale grocers and provision merchants, for voluntary action, a scheme whereby these distributors would form regional groups designed to render each other mutual aid in the event of war.

The Government has also announced plans for stimulating the production of essential foodstuffs in Great Britain, the central provision being a subsidy of £2 per acre of land, now treated as permanent grass, which is ploughed up before the autumn and brought into a state

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of cleanliness and fertility. It is expected that some 250,000 acres will be treated in this way. At the same time, the Minister of Agriculture announced that a reserve of fertilisers had been secured and arrangements made for their distribution, as well as the distribution of feeding stuffs, tractors and other machinery, implements and seeds required for war-time production.

III. CONSCRIPTION

EVEN more remarkable than these developments in the field of civil defence has been the revolution—for it is scarcely less—in policy and action in regard to the army. In presenting the army estimates, Mr. Hore-Belisha announced that the army was now to be organised on the basis of providing a field force of 19 divisions, which would be available for action in a European theatre if necessary. This force would include, from the regular army, four infantry divisions and two armoured divisions, and from the territorial army nine infantry divisions, three motorised divisions and an armoured division; in addition, there were two territorial cavalry brigades, and a number of non-brigaded units, regular and territorial. In planning his famous military reforms, said the Secretary of State for War, Mr. Haldane had projected a field force of six infantry divisions and one cavalry division only, and this was the striking force available for action in Europe in 1914. By contrast with pre-1914 days, the territorial force would now be equipped for a European war. Home defence would be undertaken by a new anti-aircraft and coast defence army.

This statement was made on March 8. At the end of March—the invasion of Czechoslovakia having taken place meanwhile—it was announced that the territorial army would be raised at once from a peace establishment of 130,000 to a war establishment of 170,000, and that this figure would itself be forthwith doubled, making a total of

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340,000. Questioned why, in a recruiting speech a few days later, he had proclaimed "Come on, the first 250,000", instead of 210,000 as the above figures indicated, Mr. Hore-Belisha said that the quarter-million included "anti-aircraft units and everything: the figure we are aiming at is 450,000". Within a few weeks, many of the territorial units had reached war establishment and were beginning to form their second line. In certain Government circles, there arose at this period a powerful agitation for a fresh scrutiny of the list of reserved occupations, members of which had been instructed not to enrol for defensive duties that would involve full-time employment in war; such duties, of course, included the territorial army. The principal amendments made since the list was first issued in February had been in the way of additions. At the end of April, however, the schedule was revised and categories removed from it that would release about 1,500,000 men. The number of men reserved between the ages of 18 and 30 is at present about 3,500,000, and the number not so reserved about 7,500,000.

A far more fundamental change in military organisation was to come. On April 26, Mr. Chamberlain announced the introduction of conscription. All men between their twentieth and twenty-first birthdays would be called up for six months' military training. On discharge after the six months they would have the option of entering the territorial army for three-and-a-half years or of passing to a special reserve of the regular army. About 310,000 men would be affected by this decision every year, but deductions would have to be made for various causes. The measure would be introduced for an initial period of three years only. Provision would be made for the exemption of conscientious objectors, but they would be obliged to undertake other work of national importance. Mr. Chamberlain justified this overriding of his previous pledges not to introduce conscription in peace time, by suggesting that the times through which we were living were not peace

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in any sense in which the term could fairly be used. As for the "conscription of wealth", which had been linked in discussion with the conscription of man-power, wealth was already very largely conscripted by taxation; but legislation would be introduced at an early date to limit by still further measures the profits of firms mainly engaged on rearmament. If war broke out, moreover, special penalties on profiteering would be imposed, and any augmentations of profits or individual wealth would be curtailed for the benefit of the State.

This measure, which was announced on the eve of Herr Hitler's speech to the Reichstag, was received with enthusiasm among most of the Government's supporters, and with cordial relief and congratulation in friendly foreign countries, particularly in France, where the failure of Great Britain to introduce conscription had been regarded with considerable resentment, not to say suspicion lest it betokened an intention to run away from European engagements through sheer inability to carry them out. It was, however, bitterly opposed by the Labour and Liberal Oppositions in Parliament.

The Opposition case is founded partly upon objections of principle. Compulsory military service is regarded as a derogation from democracy and freedom—an argument hard to sustain in face of the fact that almost every other democracy in Europe regards it as an essential democratic institution. Military conscription is feared as the precursor of industrial conscription. It is regarded, by some, as implying a wrong view of the part that Great Britain could most effectively play in a continental war, and as unnecessary to secure the size of army that we are capable of equipping and training in peace time, or of mobilising, transporting and supplying in the event of war. Critics of the British attitude, at home and abroad, must remember the long tradition of limited participation in continental wars, which was shattered in 1914 but again adopted as a result of the belief that hundreds of thousands of men fell

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unnecessarily in the British offensives in France and Flanders. They must remember, too, the tradition that the army is the instrument of an executive that has not always been fully controlled by the people.

After a first outburst, however, the Opposition concentrated their attacks more upon the manner in which conscription was introduced than upon its general substance. They bitterly attacked Mr. Chamberlain for having broken his pledges given to the House of Commons, to the trade unions and to the Opposition parties, not to introduce conscription in peace time, and for having made this sudden and revolutionary change in the marshalling of our man-power without first consulting the Opposition and the trade unions. It is possible, indeed, that greater tact might have been employed in announcing the new policy, but nothing in the Labour or Liberal attitude suggested that if those parties had been consulted they would have consented to this measure, which the Government and its military advisers, on the other hand, felt was urgently necessary in the light of our new commitments in Europe and the danger of war within a few months.

There have been signs that opposition to the principle of compulsion is not universal among the Labour and Liberal parties. Before the conscription measure was announced, a group of trade unionists had signed a memorial advocating some kind of compulsory service, as required for the defence of this country and the honouring of its commitments. A contemporary survey by the British Institute of Public Opinion showed that, among those in the sample who expressed a definite view, nearly one-third of the Opposition supporters actually preferred compulsion to the voluntary system in securing an enlarged army, joining in this opinion a bare half of the supporters of the Government.* The conclusion that conscription, once introduced, has the assent of a very large majority of the public is irresistible, and it has been noticeable that Labour criticism

* *News-Chronicle*, May 5, 1939.

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has tended to concentrate more and more upon the details of the measure. A motion approving the Government's policy was carried in the House of Commons on April 27 by 376 votes to 145. Although the Opposition Liberal party had officially declared itself as uncompromisingly hostile to that policy as the Labour party itself, nine of its members—including Mr. Lloyd George—voted with the Government, exactly the same number as voted against the motion.

The conscripts, who are to be known as militiamen, are to be paid 1s. 6d a day, with allowances for dependents. The decision to pay married allowances has entailed an expensive change in the army regulations on this score; for hitherto the regular soldier has not been able to claim married allowances before he was 26 years of age, a limit that has now been reduced to 20 years, since it would be manifestly unfair to leave him in a worse position than the conscript. Introducing the Bill, Mr. Chamberlain said that over its three years' term the measure was expected to produce a total of 800,000 militiamen. He declared that the provisions for the exemption of conscientious objectors would be interpreted sympathetically and generously.

In the same speech the Prime Minister announced that the Bill, which as drafted applied only to Great Britain but could be extended to Northern Ireland and the Isle of Man by order, would not be applied to Ulster. This announcement was greeted with disgust among the Northern Irish Unionists, who apparently looked forward with eagerness to the prospect of coercing the Catholic Nationalist minority to fight for England against their will, but with relief in the twenty-six counties and among those who believe that good relations between Great Britain and Ireland are of far greater defensive value than a few thousand conscripts more or less. British subjects who are ordinarily resident in parts of His Majesty's dominions outside the United Kingdom are also exempt.

Ireland, it must be confessed, is not as a rule much in

THE BUDGET

the minds of British people in these days, but it has lately been forced upon their attention by a series of bomb explosions perpetrated by people describing themselves as members of the Irish Republican Army. 'The object of these childish but dangerous escapades has been, it seems, to end partition, but the only kind of partition that they have seemed like damaging has been the shopfronts of a few random firms in British cities and the walls of certain telephone booths, railway cloakrooms and public conveniences. No serious damage has yet been done, though attempts have been made to blow up electricity pylons, canals, and even Hammersmith bridge. The gentleman responsible for the last-named outrage was sentenced to 20 years' penal servitude, and several sentences of that term were meted out to men convicted at Manchester assizes of conspiracy to use explosives. At the time of writing, 38 men and women have been convicted of offences in connection with the explosions, and have received sentences averaging close on ten years each, not counting concurrent terms of imprisonment.

IV. THE BUDGET

REARMAMENT has to be paid for, and the bill for conscription has yet to be presented to the taxpayer. The defence estimates for 1939-40, as originally framed, totalled £580 million, an increase of £175 million on the 1938-39 figure. While people were wondering, with growing anxiety, how this sum was to be found, the Chancellor of the Exchequer asked Parliament to raise to £800 million the total of £400 million which the Defence Loans Act of 1937 had authorised him to borrow for defence purposes. Shortly afterwards he announced that he would borrow this year £350 million, a figure that would actually leave a smaller residue to be met from tax revenue than in 1938-39. Nor was this the final limit of his unorthodoxy. Between the presentation of the estimates and

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the opening of the budget, decisions to expand the army (before the adoption of conscription) had added to this year's cost a further £50 million, of which Sir John Simon proposed in his budget speech to borrow £30 million.

In spite of this readiness to borrow, the Chancellor had no easy budgetary task. The year 1938-39 had ended with a deficit of £12,714,000, ascribable to a short-fall in income tax and more especially in estate duties. The recession in trade and the fall in capital values obliged him to keep his estimates of tax yields in 1939 to a conservative level, with the result that after deducting the sums to be borrowed he was faced with a deficit of £24 million. This he covered by a series of increases of taxation. A tax on photographic films and plates, equivalent to 2d per spool on the popular sizes of film used by amateurs, would yield £800,000 this year and £1,000,000 in a full year. An increase of the tobacco tax by 2s. a pound would yield £7 million this year and £8 million in a full year. Increases in surtax would produce £4 million this year and £5 million in a full year. A surcharge of 10 per cent. on death duties on estates exceeding £50,000, excluding agricultural values, would yield £3 million this year and £5 million in a full year. An increase of a farthing a pound in the sugar duty would produce £4 million this year and an extra half-million in a full year. Finally, the horse-power tax on private motor cars was raised from 15s. to 25s. per unit, to bring in £6,250,000 in 1939-40 and £11,500,000 in a full year. Against these additional burdens, the Chancellor conceded two small reductions of taxation, lowering the entertainment duty on "live" performances, and abolishing the stamp duty on patent medicines. In sum, his changes of taxation were just sufficient to make good his £24 million deficiency, and he balanced his budget—if that is the correct description for a process that includes borrowing £380 million for current purposes—at the huge total of £1,322 million.

The budget was greeted with general relief; for the

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taxpayer had feared a much heavier call upon his means. It was attacked by the Opposition mainly on the ground that by leaving so much to be borrowed it made inflation inevitable, and so threw the real burden on wage-earners, pensioners and others least able to pay. No one can deny that there is danger of inflation when the Government proposes to borrow in a single year nearly as much as the estimated annual savings of the whole community. The compensating factor—a very important one, as German experience has shown—is the existence of a great deal of idle capital and labour, which a policy of large-scale government borrowing may bring into activity. The effect of rapid rearmament upon unemployment has already been felt. Between January 16 and April 17, the numbers unemployed in Great Britain fell by 395,000 to 1,644,000, the lowest figure recorded since 1937. The economic future, if we are spared the war that many of us fear, can only be a matter for speculation; for immense government borrowing, conscription for a quarter-of-a-million young men a year, and a considerable diversion of civilian activity from its normal channels, have produced an entirely new economic order of things, and may well produce a new social order.

AUSTRALIA

I. JOSEPH LYONS

THE whole Australian people, of every class and creed, was bowed in grief at the death of Mr. Lyons—grief as deep and widespread as has ever been evoked by the death of a public man in this country. Nothing had prepared us for it. The Prime Minister was only 39 years old. He had always been a healthy man. The strain of his official responsibilities had been especially heavy in recent weeks, but those of his colleagues who were personally closest to him had no suspicion that this strain had had results more serious than a weariness that could be cured by a few days' rest. On the Wednesday, we were told that he was suffering from a chill and had gone into hospital for a few days' rest. On Thursday, he became critically ill, from heart seizure. On Friday morning—Good Friday, April 7—he was dead, and his country was the poorer by the loss of one of the most honourable, straightforward, large-hearted men who ever took a part in its political life.

Joseph Lyons had no dazzling gifts. The qualities that enabled him to become the accepted and successful leader of a Government, and to hold that office with increasing respect and confidence for some seven years, were not compelling eloquence, nor dominating personality. He had great political capacity and shrewdness. But he held a sometimes very difficult party together, overcoming parliamentary crises that might easily have wrecked a more brilliant leader, and keeping to an increasing degree the confidence and the affection of the whole Australian community, through a simple, straightforward honesty, a genuine humanity, and an essential goodness,

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that were never doubted, even by his strongest political opponents.

This was the more remarkable in that Lyons was one of the not inconsiderable number of Australian public men who, having begun their political career as members of the Labour party, transferred their allegiance, and attained high office on the other side. Such men, for the most part, have never been able to shake off the bitter mistrust, often the deep personal rancour, of their erstwhile political friends. This was not the fate of Lyons. He left the Labour party in 1931, under circumstances that exempted him from any suspicion of self-seeking motives, and he incurred no personal mistrust or rancour. Indeed, his strong personal friendly relations with most of his political opponents helped him to achieve his success as a parliamentary leader.

He was a strong and loyal Australian. But he did not believe that there was any inconsistency between a whole-hearted devotion to the national interests of Australia, and an equally strong adherence to the British Commonwealth of Nations. He saw in our membership of the Commonwealth, not any limitation on our independence, but a fuller and more effective opportunity for our self-realisation as a nation. This spirit informed his whole policy in our relations with the Empire.

No sketch of Mr. Lyons would be complete without a reference to the deep but unobtrusive religion, which was the strongest influence in his life, and the secret of those qualities which so endeared him to his colleagues and his fellow citizens. He belonged to the Roman Catholic faith. He was a man of large-hearted tolerance, nor was there any touch of sectarian bitterness in his make-up. The spectre of sectarian strife, which in the past has played a large part in elections in this country, never seriously raised its ugly head at any of the federal elections since he became leader. He leaves among many thousands of Australians a deep sense of personal loss.

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II. THE NEW PRIME MINISTER

SINCE December the position of the federal Government has grown weaker. Even though its increased activity in defence matters has helped to arrest its drift to electoral unpopularity, it lost ground through its handling of the national insurance problem, which involved the resignation of the Attorney-General, Mr. R. G. Menzies. Though hardly a popular political figure, Mr. Menzies was an influential member of the Government. He resigned, according to his own statement, because he could not reconcile the latest policy of the Government in regard to national insurance with an undertaking that he had given to his constituents quite recently on the same subject. His attitude was generally commended by the press, but some observers felt that he might have stood by the Government at this critical period. Although the parting between Mr. Lyons and Mr. Menzies was friendly, the late Prime Minister undoubtedly felt the defection keenly—more keenly perhaps than was realised at the time.

The Government had had much trouble with its national insurance plans. In February it was apparently prepared to abandon the whole scheme, or at least to postpone its operation indefinitely. News of this alleged move leaked out and provoked a surprising demonstration of popular opinion, as reflected in most leading newspapers, against such a course. The *Sydney Morning Herald* and the *Melbourne Herald* both took a definite line, and by the time the party meeting—which had been specially convened, so it was stated, to bury the whole scheme—was held the Government had no chance of getting rid of its Old Man of the Sea. As a result of the meeting, the Government decided on a revised scheme, which was only a shadow of the scheme embodied in the existing legislation. It is doubtful whether this plan will be accepted by Parliament, as it does not satisfy any important political section and is opposed both by the friendly societies and by the doctors.

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The Government gave as its reason for the proposed reduced scale of benefits the increased expenditure necessary on defence. Repealing legislation is necessary if the original scheme is to be revised or abandoned, and the difficulty of getting this through Parliament may be considerable. The real lesson of this minor crisis was to show that the mass of people wanted national insurance, which had previously been supposed to be unpopular with a majority of the electors.

The death of Mr. Lyons raised acute problems regarding the choice of a successor. An interim Government was formed under the leadership of Sir Earle Page, but it was understood that Sir Earle would hold office only until the United Australia party had elected a new leader, who would then, as head of the largest party in Parliament, succeed to the Prime Ministership.

Of the members of the U.A.P. in the federal Parliament, only three had substantial claims to be considered as Prime Minister. They were Mr. W. M. Hughes, 74 years of age, an ex-Prime Minister and then Minister for External Affairs and Attorney-General; Mr. R. G. Casey, the Treasurer; and Mr. R. G. Menzies, the former deputy leader of the party. There was a move in some quarters to induce the High Commissioner in London, Mr. S. M. Bruce, to return to Australia and take over the leadership of the Government. This move, though it commanded widespread support, was in any case made rather too late to allow of its being a success; but it is understood that Mr. Bruce, when approached, indicated that he would return only on condition that he was invited by all the three federal parties, as he was unwilling to enter into party political life again. He would agree to lead only a National Government. The fulfilment of such a condition, however, is quite beyond the range of practical politics in Australia to-day. The claims of Mr. Stevens, Premier of New South Wales, were also canvassed, but the difficulty of finding him a federal seat proved insurmountable, and

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he was never really a likely candidate, though his driving force, administrative ability and leadership would be of great value at Canberra. The actual contest resolved itself into a struggle between Mr. Menzies and Mr. Hughes. The former was successful, it is stated by a narrow majority, and he has formed a new Government.

It is too early yet to try to estimate the effect of Mr. Menzies' election on the political life of the country. In many quarters it will not be welcomed. He has never been a popular figure, although he has been in public life for some years. A coalition Government, if that is practicable, may not work so easily under his direction as it did under that of Mr. Lyons. Mr. Menzies has never disguised his feeling that the Country party exercises an undue influence in federal politics, and he may be expected to attempt to curb this tendency. In this he will have some following, but he will be handling political dynamite which may blow his Ministry to pieces. Whatever doubts are felt at present concerning the future of his Government, there will be a tendency to withhold judgment and to allow him time to prove his capacity for leadership. The country needs this badly, and the people will be quick to react either to its presence or absence in the new Prime Minister.

The immediate effect of Mr. Menzies' election as leader of his party in federal politics was an indication that the Country party would not join any Government led by him. The need for the strongest possible Government is apparent to everyone, and Sir Earle Page will have to produce some extraordinarily strong reasons for his party's non co-operation if he hopes to get public support for his action. The community, as a whole, has been rather disgusted with the party and personal manœuvres for position that have been going on during what is regarded as a period of crisis. The new Government will be judged largely by its ability to convince the public that it can handle the difficult problems that are associated with the defence of the

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Commonwealth. As Mr. Menzies is an advocate of universal service, this measure now becomes more than a possibility.

III. AUSTRALIA AND WORLD AFFAIRS

WHATEVER may have been the views of Australians about the Munich negotiations, after the German *coup* of March 1939 any sympathy for German aspirations was swept away. At any rate until then, the supporters of Mr. Chamberlain's policy were growing in number, particularly as responsible visitors from Europe came to this country with little but praise for Mr. Chamberlain's handling of what they termed a very difficult situation. Such diverse types as Lord Nuffield and Mr. Bruce brought much the same story. The broad significance of all the events of recent times is just beginning to be appreciated. If the threat of the dictator States has done nothing else of value, it has done much to stimulate a greater sense of national duty. The awakening process has definitely begun. Australians are beginning in a more lively way to take stock of international events. The sincerity of Herr Hitler's speech to the Reichstag on January 30 was doubted in many quarters, although in Government circles public utterances on the subject were reserved. The hard threats behind Herr Hitler's reference to countries with empty spaces, if they were sincere, and if they referred to Australia, were regarded as an example of the failure of Nazi politicians to appreciate facts. Many Europeans still fail to understand that only a small part of Australia is capable of close settlement. The greater part of it is desert or almost desert. Even those parts which are classed in Australia as good pastoral lands require special adaptability in anyone who would settle upon them, and a readiness to meet hardships of a type that is little known in Europe. It is noticeable that recent migrants do not take readily to settling anywhere but in the towns or the closely settled rural areas.

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Evidence of the strengthening of Great Britain's defence forces has been widely welcomed. So have the stiffer pronouncements of the British Government on foreign affairs, and the moves for a closer understanding with Russia. Australians are not unmindful of the significance in the Pacific sphere of such an understanding. In an outspoken statement on March 23, Mr. Lyons declared that the pledges of Herr Hitler had been broken and agreements with Germany were now worthless. There is a determination in Australia that Australia and its dependencies and mandated territory must be kept inviolate from outside interference. There is also a greater realisation that Australian interests will be affected by any further trespass on British interests in the East.

IV. THE DEFENCE PROGRAMME

THE last number of THE ROUND TABLE contained some particulars of the defence programme for the three years beginning June 30, 1938. In December the original estimated expenditure was increased to £63,000,000; the sum of £70,000,000 is now mentioned and accepted by the public as a necessary burden. Since Munich, the press and the lay public have offered heated criticism of many aspects of the Government's defence policy; this is due partly to a public awakening to defence needs after the deep slumber of a few years ago, and partly to legitimate resentment at official shortcomings. Faults lie both with the public and with the Government. The public, perhaps, has little appreciation of the enormous difficulties involved in the rapid expansion of any service. The demand for compulsory military service continues, and may become an important political issue under the new Cabinet. But the shortage of instructors and equipment may well provide a sound reason for its postponement.

In the meantime, the militia has exceeded the projected strength of 70,000, and it has been stated officially that more

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recruits will be accepted. The report of the Inspector-General, Lieutenant-General E. K. Squires, came before the Cabinet in February. It has not been made public, but it is understood to recommend the establishment of a regular army of 7,500 men, in addition to the militia. Apart from certain Labour organisations, such as the All-Australian Trade Union Congress, there have been no critics of this proposal, which has been generally welcomed as a real contribution to defence. The regular army, thus increased, will be an excellent training-ground for the officers and instructors required for an expanding militia force or a conscript army, should the latter be necessary at a later stage. At the end of February the press announced the partial adoption of the Inspector-General's report, and the public felt that the permanent force would soon be an established fact. But it was later stated that it was to be established over a period of five years, only 1,500 men being recruited during the first year.

The Government has now given more detailed consideration to the establishment of defence outposts. In a previous issue of *THE ROUND TABLE*,* reference was made to the proposed air and naval base at Port Moresby (on the southern coastline of New Guinea). Attention has been drawn in the press and in public addresses to the need for extending Australia's defensive sphere of influence to the Pacific islands not at present controlled as territories of Australia. A suggestion that the Empire should provide fortified bases stretching eastwards from Singapore to Fiji has interested the public. Many people are concerned about the ease wherewith raiders, or even more imposing forces based on the Caroline islands, might descend upon the Australian eastern seaboard. There has, however, been no official pronouncement on this subject beyond reference to Port Moresby and Port Darwin (on which £840,000 is to be spent this year), presumably because it is held impossible to extend the defence effort any further.

* No. 114, March 1939, p. 419.

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The question of adding one or more capital ships to the Australian navy has been discussed again. In December, Mr. Street, Minister for Defence, stated that the cost of securing one new capital ship for Australia would be in the vicinity of £16,000,000.* He made no mention of the possibility of securing a modernised ship to go on with, although that was the suggestion thrown out here some months previously by Admiral Sir Howard Kelly, an informed authority on Pacific naval matters. The Minister's statement was therefore incomplete, as it is understood that £16,000,000 would probably secure two or three modernised ships, if they were available, and the ancillary ships and equipment. The Minister's statement did indicate, however, that the Government would obtain expert advice concerning the construction of a capital-ship dock, so presumably the matter has merely been shelved for the time being. In the meantime, the modernised H.M.A.S. *Adelaide*, converted to oil-firing and otherwise reconstructed, has been re-commissioned. Later in the year H.M.A.S. *Perth* will be added to the squadron, making six cruising ships in all. The preparedness of the Royal Australian Navy is now much greater than at the time of the September crisis.

Considerable impetus has been given to the industrial side of the defence preparations. An advisory panel of business men has proved of considerable value. The Government, furthermore, has now determined to establish a compulsory national register.

Naval shipbuilding orders have so far been restricted to the Cockatoo dockyard. The whole of the naval shipbuilding in Australia, under the revised programme of December 1938, will be done at this yard. During the period ending in June 1941, it is contemplated that two flotilla leaders of the Tribal class, each of 1,850 tons, two sloops of 1,060 tons each of the Yarra class, three boom defence vessels of the Kookaburra class and twelve motor

* See THE ROUND TABLE, *loc. cit.*

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torpedo-boats will be constructed. While the shortage of skilled artisans in this industry has raised and will continue to raise serious problems, it is not disputed that in an emergency other yards could undertake naval ship-building, and the output of naval tonnage could be increased considerably.

In the supply of air-force equipment, the most significant recent step has been the bringing to Australia of a British air mission, headed by Sir Hardman Lever. Firms interested in the production of aircraft or with facilities for production have been encouraged to appreciate the function that Australia can exercise as a manufacturer of aircraft for neighbouring Empire countries. The future of the industry in Australia is bright. Much preliminary work remains to be done; apart from the setting up of factories, artisans have to be recruited, but there is much good material available. Orders for air-force planes, except elementary training planes, have so far been given only to the factory at Fisherman's Bend in Victoria, which has orders for 100 of the Wirraway type. It is understood, however, that the Clyde Engineering company, near Sydney, manufacturers of locomotives, farm and other machinery, propose, in association with well-known British manufacturers, to enter upon aeroplane production at an early date.

For present requirements, which are most urgent, the Defence Department is obtaining 50 Lockheed planes from the United States, 100 Wirraway planes from Melbourne, and 40 Avro Anson planes on charter from England. More modern planes than Avro Ansons are on order from England, but when they will enter the service is doubtful. In January 1939 equipment valued at nearly two million pounds, ordered in England, had not yet been delivered. This lag has forced the Government to order in the United States. It has been publicly stated, with authority, that the air mission, which has made its report to the Government, is satisfied that a substantial

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output of air-force planes could be expected from the future Australian aeroplane industry. The Government has adopted the report and is taking steps at once to implement it. It is understood that assembly factories will be established at Sydney and Melbourne, and that government railway workshops and private factories will co-operate in the manufacture of essential parts.

Besides the extension of the Royal Australian Air Force stations at Laverton, Richmond and Point Cook, stations are now being developed at Perth, Port Darwin, Canberra, Townsville and Amberley. A start will soon be made with further stations between Sydney and Brisbane and at Port Moresby. The objective is to build station equipment sufficient to house and operate 19 squadrons with a first-line strength of 212 planes.

The supply of army equipment is in arrear, and the delay, which has given rise to many warnings, is perhaps one of the reasons why some Government supporters have hesitated to insist on compulsory military service. The increase of the voluntary militia from 35,000 to 70,000 in a matter of months has created a shortage even of preliminary equipment, such as uniforms. The production of machine guns and rifles is stated to be sufficient for present requirements, but supplies of the Bren gun have not yet come forward from Lithgow, where the factory for its production is still incomplete. Heavy equipment, such as artillery, is produced in insufficient quantities, and much remains to be done in this department. An immediate emergency would find the new militia insufficiently supplied with artillery and accompanying equipment. Anti-aircraft guns are now coming forward to anti-aircraft units, but not yet in sufficient quantities for a major war in the Pacific sphere. In February, however, Mr. Lyons was able to announce that "we are no longer dependent upon over-sea factories for mobile types of guns". Ammunition supplies have also much improved.

As regards raw materials used in defence, it is officially

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stated that magnesium and aluminium for aircraft construction may shortly be obtained in substantial quantities from crude ore deposits in Tasmania. More important still is the achievement of co-operation between the major oil companies and the Government on the question of accumulation of oil supplies, with the aim of increasing the stocks now carried.

At a public meeting in the shipbuilding district of Balmain, Sydney, Mr. Street made it clear that he would demand value for every penny spent in defence, together with efficiency and despatch, in order that the programme should be fully completed by June 1941. His statements, made from time to time, have inspired confidence in widely different political quarters. The readjustment of public opinion since Munich has tended to swing Australian public opinion, not so much behind the Government, as behind the defence programme, which is supported by representatives of all shades of political thought, although not by all political organisations.

On such issues as compulsory military service there is much difference of opinion. In the Labour party there is a greater disposition than formerly to support the proposal. While the Australasian Council of Trade Unions, among other working-class bodies, is still officially opposed to compulsory military service, there is every indication that many members of the Labour rank and file are restive, believing that the anti-compulsory-service plank does not strengthen the Labour platform. Generally speaking, there is now not much difference between the Government defence programme and that of the Labour party. Mr. Curtin, indeed, charges the Government with stealing his important defence points and making them its own. Whatever may be the protestations of political parties in Australia to-day, the guiding factor is a public opinion that wants defence and seems prepared to foot the bill.

Australia,

April 1939.

SOUTH AFRICA

I. POLITICAL CHRONICLE

THESE paragraphs are being written during the course of the parliamentary session which has lasted, save for the customary Easter recess, since February 3. On the whole it has been a successful session for the Government, and most of the forebodings of difficulty have been belied. To a large extent this is due to General Hertzog's success in creating the right atmosphere for his English-speaking supporters. They had been gravely disturbed by the events that sprang from the Voortrekker centenary celebrations of last year.* The renaming of Roberts Heights as Voortrekkerhoogte had come as a profound shock to the sentiment of most English-speaking South Africans. At the same time they were disturbed by the movement, born out of those celebrations, for the political reunion of Afrikaans-speaking South Africans, at present divided between the United party of General Hertzog and the Nationalist party of Dr. Malan. This would relegate the English-speaking citizens to the position of a minority racial bloc. This latter movement, be it said, was sponsored by no one less than the Prime Minister's own son, Dr. Albert Hertzog. This fact added to the uneasiness, but it gave the Prime Minister his opportunity. In a most admirably conceived and expressed letter, addressed to his son and published in the press, he decisively rejected any proposal for reunion that did not take account of English-speaking South Africans, and asserted again the necessity of co-operation between the two sections, which is the essential basis of the United party. Largely because of

* See THE ROUND TABLE, No. 114, March 1939, pp. 424 *et seq.*

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this letter, the disaffection within the United party that had been stimulated by the Roberts Heights episode almost completely died away, and the Government's course in the House during the first half of the session became a smooth one.

On the whole, too, the decline in the Government's popularity in the country has been checked. It has had the misfortune of having to fight, within a period of two months, four by-elections in seats that it had won at the general election last May—a large number in relation to a House of 153 members. Three of these seats it retained, though with reduced majorities. In the fourth, Paarl, a constituency near Capetown, a favourable majority of 427 was converted into a hostile majority of 107—in itself not a very large turnover of votes at a by-election in a constituency of 8,000 voters.

In three of these by-elections the contests were straight fights between the United party and the Nationalists: in the fourth, at Pretoria city, a Dominion party man also entered the lists in a constituency never yet contested by that party. He was decisively defeated, and his defeat seems to have contributed to the party's decline, which has been going on since the general election of last year. There are to-day definite signs of impending disintegration of the Dominion party. It has virtually no hold in the country anywhere outside Durban, and it is losing ground there. The English-speaking section of the country seems to be rallying more and more to the Government's support: as the news from Europe has grown in gravity, the necessity of maintaining a united front has come to be increasingly appreciated.

The by-elections have shown, however, that the Nationalist Opposition is still gaining ground, though not as rapidly as it had hoped. The programme that it has been putting forward, though effective in the stimulation of sentiment and prejudice, fails entirely on the constructive side. The main debate of the session so far, apart from the budget

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debate, was on an Aliens Amendment and Immigration Bill introduced by Mr. E. H. Louw, who returned to South Africa last year after representing the Union in Washington, London and Paris, and is now a Nationalist member of Parliament. That Bill was a definitely and unashamedly anti-Semitic instrument. It sought to terminate completely Jewish immigration, which had already been severely curtailed by the Aliens Act passed two years ago, and to apply certain discriminatory provisions to Jews already in the Union. The Bill was decisively rejected in Parliament, all the other groups voting with the Government against a Nationalist minority of 17, but it won for the Nationalist party a certain amount of support in the country, where anti-Semitic feeling has become a far from negligible factor.

The other main feature of the Nationalist party's activity has been the stimulation of anti-colour prejudice. It has seized upon anything that might stir up the always susceptible feelings of a large section of the people of South Africa in matters affecting natives and Coloured people and Asiatics. In particular, it is pressing for the segregation of Coloured people and Asiatics, and by doing so has caused the Government a good deal of embarrassment. Many Government supporters feel just as the Nationalists do in these matters, while others retain, in varying degrees, a measure of liberal tradition and sentiment. The question as it affects the Cape Coloured section of the population is dealt with in a later part of this article. The Asiatic aspect has presented the Government with special difficulties. At one time it appeared as if the Government, in order to pacify some of its supporters, was going to introduce an Asiatic segregation law, to the intense resentment of the Indian community in South Africa and the people of India. It appears, however, that the Government of India made representations, and that the matter is to be the subject of further consultation between the two Governments, by round-table conference or otherwise.

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Certain other highly contentious proposals were foreshadowed earlier in the session, giving colour to the view that there is a growing authoritarianism in the Government's outlook. One such proposal was for a drastic alteration of the rules of procedure of the House of Assembly, a proposal that seemed to ignore the experience gained in other parliaments, that it is by consultation between the parties rather than by the application of compulsion to the Opposition that the smooth working of the parliamentary machine can best be secured. At about the same time there was also foreshadowed the introduction of legislation for the control of the press, of the political activities of teachers, and of public meetings.

As the parliamentary session has advanced, however, all issues of this kind have tended to be eclipsed by the gathering war-clouds in the European firmament. As to the stand that South Africa would take if war were to come, the Government has not in terms given a clear indication. The position as defined by the Prime Minister remains in general much the same as it was last September.* In one respect, however, there has been a significant change. Referring to the Union's position in the event of war, the Prime Minister said in the House on March 23 :

When and where the activities of a European country are of such a nature or extent that it can be inferred therefrom that its object and endeavour are the domination of other free countries and peoples, and that the liberty and interests of the Union are also threatened thereby, the time will then also come for this Government to warn the people of the Union and to ask this House to occupy itself with European affairs, even where the Union would otherwise have no interests or would take no interest in them.

Although, as this statement indicates, no opportunities have been provided for a debate on external affairs, it is permissible to infer from it that the aggressive aims of the totalitarian States, and the threat to freedom which they imply, have come to be appreciated in South Africa far

* See THE ROUND TABLE, No. 113, December 1938, p. 51.

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better than they were in September 1938. The decision of the Government to amalgamate the police force of South-West Africa with the South African police, and to send substantial reinforcements of Union police to the territory, can only be interpreted as a response to the realisation that the German minority there might be used to give point to that threat.

II. DEFENCE

TWO years ago an account was given in THE ROUND TABLE* of the Union's defence schemes as then proposed. The swift march of events since then has made defence the primary national problem of the moment. There is little doubt that if war had come in September or October of last year the Union's internal politics would have necessitated a determined attempt to remain neutral. The progress of German policy, however, from the achievement of German unity to the aim of foreign domination, has wrought a considerable change in outlook in the Union. Even a portion of the Nationalist party is experiencing doubts as to the wisdom or feasibility of neutrality at all costs.

Considerable interest therefore attaches to Mr. Pirow's recent statement on defence in the House of Assembly. With one exception, the main lines of policy described two years ago remain unchanged. This exception concerns the proposals for mechanisation, which have been dropped. After extensive review, the Government has concluded that the thick and difficult nature of the bushveld country, where land fighting might be expected, and the absence of proper roads, make the development of mechanised units unwise—a remarkable conclusion.

As far as coastal defences and air and land defence are concerned, it is clear from the Minister's statement that progress has been patchy. Coastal defence, depending

* No. 107, June 1937, pp. 556-65.

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largely on the obtaining of heavy armament from overseas, has obviously been delayed by the prior pressure of Great Britain's own needs. Little therefore has been achieved towards making harbours such as Capetown "battleship proof", except the acquisition from Great Britain, on indefinite loan, of the monitor *Erebus* with its 15-in. guns. For the same reason, aeroplane strength, though ahead of schedule, represents no more than the minimum of present needs. In view of these difficulties, efforts have been concentrated particularly on what can be achieved within the Union. Training of air force pilots and mechanics has proceeded apace. The plans made had budgeted for 50 pupil pilots, 100 fully trained reserve pilots, and 800 mechanics: the figures achieved to-day stand at 432, 150 and 2,080 respectively. The total of infantry available at short notice is now 28,000, and of those available within three months 53,000, only 3,000 short of the total planned for the end of the five-year period. Similarly, the number of men in defence rifle associations, standing at 50,000, exceeds expectation by 30,000.

In regard also to the local manufacture of munitions and armaments, considerable progress is being made. Small-arms ammunition has for some time been manufactured at Pretoria and production of heavier types is now planned. Arrangements are now being concluded with some of the chief engineering concerns on the Witwatersrand for the production of heavy artillery and trench-mortars. Experiments are being made with the manufacture of tanks, and it is reported that representatives of the Skoda works will shortly arrive in the Union to supervise production of the Bren machine gun. Finally, the Union Government is employing the powers it possesses under the Defence Act to compile a national register of available man-power between the ages of 17 and 60.

These defence activities mentioned above, and the recent despatch of police reinforcements to South-West Africa, make it reasonable to infer that the Union is to-day less

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complacent than formerly about its immunity from involvement in the crises of Europe.

III. THE BUDGET

MR. HAVENGA had last year budgeted for a deficit of £100,000. He introduced his budget this year with the estimated deficit turned into an estimated surplus of £1,650,000. Indeed, later figures of revenue collections show that the realised surplus was still larger. The main reasons for the favourable budgetary position with which the new financial year opens are, first, the accident of an unexpected gain of £275,000 from death duties; secondly, the rise in the price of gold, which brought in another £355,000 from income tax upon gold mines; and, thirdly, the maintenance of profits in industry and commerce at an unexpectedly high level, which resulted in the receipt of some £307,000 more than had been anticipated in income tax on non-mining companies, while super-tax on individuals exceeded the estimate by £164,000. It is rather remarkable that these increased income-tax yields should have taken place when imports were being cut down so severely that customs duties yielded £250,000 less than the estimates, and well over £1,000,000 less than the yield for the previous year, although they included a windfall £300,000 collected upon imports of wheat, which normally are not allowed.

The Treasury expects a similar buoyancy to continue during the coming year. Mr. Havenga forecast a gross income of £44,110,000, against an estimated expenditure of £42,820,000 from revenue funds, providing an apparent surplus of £1,290,000. Out of this, £50,000 is to be sacrificed by a restoration of the rebate on normal income tax to its old level; the total cost is £600,000, but the current surplus is to be drawn upon for £550,000, which is the estimated yield of the lowered rebate in the year just past. An additional expenditure of £300,000 upon

THE BUDGET

armaments has been put down on this year's estimates, and the rest of the 1938-39 surplus is to be devoted to the same purpose. Additional help for farmers is to be given through state-subsidised rebates on the rail and road freights on various farm products and farm requisites, at a cost to the Treasury of some £800,000. The levying of importers' licences, an unpopular tax imposed by the Cape provincial administration, and one that had become something very like an additional import duty, such as provincial councils are not competent to impose, is to be abolished; and the Cape Province is to be recompensed with an annual grant of £160,000. Provision was also made in the budget for the whole proceeds of the native poll tax to be made available for native development, if the responsibility for native education should be handed over by the provincial administrations to the Union Department of Native Affairs, at an additional cost of £180,000. In this way the surplus would be converted into an anticipated deficit of £200,000. As negotiations for the transfer of native education have broken down, the additional grant to the Native Trust will not be paid, and the estimated deficit is thus reduced to £20,000.

Last year the Treasury evidently expected the reduction of normal income-tax rebates to be progressive until they disappeared entirely. This year it evidently felt that it could look forward into the future with more confidence, and was willing not only to restore the full 30 per cent. rebate, but also to bring £550,000 of last year's surplus into the current year's accounts in order to enable it to be done without strain.

If there is general satisfaction with the revenue accounts, it cannot be said that the position of the loan account is quite so healthy. Expenditure is estimated at over £24,000,000. A local 3½ per cent. loan floated at par during the last year yielded merely £3,500,000, of which only £2,630,000 was taken up by the public. No less than £11,400,000 of the £17,200,000 raised last year was

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obtained by the cheap but relatively precarious method of issuing treasury bills. Negotiations are on foot for the resumption of overseas borrowing, but it seems impossible that loans can be secured on as easy terms as in the immediate past. The position has been relieved to some extent by the action of the Stabilisation Fund in following the example of the British Exchange Equalisation Fund and taking advantage of the higher market price of gold, but even so the funds available for the purchase of land in the released areas by the Native Trust are to be halved from £2,000,000 to £1,000,000. As the £4,000,000 already spent have only bought a million morgen of land, it would appear that there may yet be considerable delay before the 7,250,000 morgen promised for exclusive native occupation are made available for that purpose.

It cannot be said that all observers agree with the Minister's apparent claim that the rapid expansion of the loan votes since 1932 has in every instance resulted in "enhancing the permanent assets of the country". There is much to be said for the plea of Dr. N. J. van der Merwe, M.P., when he said: "I think that the Minister should bring our ordinary budget and our loan budget closer to each other, so that it is indicated to the public that our total expenditure is greater than our revenue".

IV. SEGREGATION AND THE COLOURED PEOPLE

IN a previous issue of *THE ROUND TABLE** an account was given of the origin and the present position of the Coloured people of South Africa. It was then pointed out that

of the Union's non-European peoples the Coloured have been longest and most intimately in contact with Western civilisation, and have therefore become most thoroughly assimilated to it. . . . The attitude of the Europeans and their government towards the Coloured is, therefore, a good test of the extent to

* No. 111, June 1938, pp. 618-23.

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which they are prepared to take their stand "on the firm and inexpugnable ground of civilisation as against the rotten and indefensible ground of colour".

The article then went on to cite a number of fields in which European Governments in South Africa had practised discrimination against the Coloured people, mainly since Union, and concluded with the prophecy that, owing to the growth of colour-consciousness in South Africa, further acts of discrimination were bound to follow.

The prophecy is now in process of fulfilment. Already the ominous word "segregation" is on the lips of everyone. It is to-day widely believed that segregation is the best means of solving what the people are pleased to call the "Coloured problem". Segregation has become a word to conjure with in South Africa. General Hertzog, so it is stated, has "solved" the native question by his policy, already translated into law, of political, territorial and industrial segregation.* So far as the Coloured people are concerned, residential segregation has long been enforced against them in the ex-Boer republics of the Transvaal and the Orange Free State, while in the Witwatersrand area they may not occupy any building for any purpose whatsoever, except in certain defined localities. In the ex-republics, Coloured persons are, furthermore, kept out of certain employments by the European trade unions, and they enjoy no form of parliamentary franchise. In the Cape and Natal, on the other hand, the Coloured people have for a century enjoyed the right of occupying fixed property wherever they chose, and of engaging in any occupation, though the Government's "civilised labour policy" has now begun to restrict their opportunities of finding employment.† They still vote in the same constituencies as the Europeans, but have to satisfy conditions that are no longer imposed on the latter.

* Industrial segregation means the exclusion of natives (Bantu) from certain spheres of employment.

† See THE ROUND TABLE, *loc. cit.*

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The agitation for Coloured segregation was started by the Nationalists of the Cape Province, where the vast majority of the Coloured folk live. In a heterogeneous community such as ours, the appeal to racial prejudices and fears must always be one of the easiest means of achieving popularity among certain sections of the people. The National party has made full use of the racial weapon ever since its inception in 1912. First it was the Black peril, now it is the Jewish and Coloured menace. In May 1937 the segregation appeal scored its first success, when the Cape provincial council passed a resolution asking for legislation to *compel* municipalities to establish separate residential areas for White and Coloured people. In April of the following year the administrator of the Cape Province, with the concurrence of his executive committee, published a draft segregation ordinance in order that the Cape municipal congress then in session might express its opinion thereon. The ordinance *allowed* municipalities to decree segregation, not only in residential areas but also in such buildings, conveyances, and places of entertainment or recreation as were under the control of the municipalities. The municipal congress refused to express an opinion on the ordinance, on the ground that the delegates had not had enough time to consider it. When the measure was subsequently introduced into the provincial council the United party, who form the majority of the House, succeeded in postponing consideration of it until the municipal congress should have expressed its opinion. This the congress has now done : during its session which has just concluded it accepted the principle of the segregation ordinance by 126 votes against 33, the delegates of the four largest towns (mainly English-speaking) voting in the minority against the representatives of the smaller (and mainly Afrikaner) towns.

In the meantime the Nationalists had intensified their segregation campaign. The celebrations of last year in honour of the Voortrekkers, who were represented as

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having made the country safe for "White" civilisation, gave their politicians a great opportunity. At the Blood river on Dingaan's Day, 1938, Dr. Malan, the Nationalist leader, speaking on the site of the Voortrekker victory over the Zulu chief Dingaan, took as his text the second Great Trek, the trek of the poor Whites to the towns, and the victory that would have to be won if these Afrikaners were to be saved for "White" civilisation. Over whom? That question had already been answered at the Union congress of the National party in November, when, as Dr. Malan wrote afterwards, the Cape Nationalists called the North to their aid, and inaugurated a nation-wide segregation campaign against the Coloured people. A petition was drawn up for circulation throughout the Union, demanding the prohibition of marriages or extra-marital unions between White and Coloured people, as well as residential, political and industrial segregation. Political segregation means the creation of a small number of purely Coloured constituencies (as has already been done for the Bantu) and hence the setting of a definite limit to the influence of the Coloured vote. Industrial segregation has been defined by *Die Burger*, the leading Nationalist newspaper in the Cape, to mean the reservation of certain industries, and certain kinds of work in other industries, exclusively for Europeans, and, in "mixed" industries, the establishment of quotas for Europeans and various types of non-Europeans.

It is important to be quite clear on the nature of the feelings that the Nationalist campaign has succeeded in stimulating. In former days, in the days of General Hertzog's "Black Manifesto", the Nationalists appealed to the sentiment of fear—fear lest a handful of Europeans be overwhelmed by the great mass of Bantu barbarians. This kind of fear can hardly be used against the Coloured people, who total only 768,000, who cannot be described as barbarians, and a number of whom enjoy a higher standard of civilised living than, for example, the poor Whites.

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But it is possible to describe them as a menace to the purity of the European race. And that is the line which the agitation is taking. The emphasis is on purity of blood. Coloured blood is bad blood, and from its infiltration the European must be saved, no matter at what cost. One of the leading Nationalist spokesmen said recently that discrimination based on colour, and the necessity of keeping the European race in South Africa pure, were "axiomatic" considerations. As late as 1932 the Nationalist leaders were still ashamed to admit that their non-European policies were based on colour rather than on civilisation. They have travelled quite a long way since then.

It goes without saying that the campaign which the Nationalists have been conducting must be deeply wounding to thousands of Coloured folk. Its most notable feature is the contempt that has been poured upon them. Through a large number of Nationalist speeches and writings there runs this refrain: "Europeans are living and working side by side with the Coloured people. The shame of it!" Whoever wants corroboration of this, let him read the columns of *Die Burger*. These arguments have been reinforced by insistence upon the depreciation of the value of house property that is said to follow on the entry of Coloured people into a predominantly European area; this has tended to weaken opposition in many quarters normally not responsive to Nationalist propaganda.

The Nationalist agitation proved so successful that the Government has now found it expedient to bow before it and to adopt a segregation policy of its own, which has been endorsed by the party caucus. The Government has not yet published the details of its measure, but has merely stated in very general terms what is in its mind, no doubt in order to test the reaction of the country. It has declared itself opposed to political and industrial segregation, but in favour of a move in the direction of residential segregation, partly on the mistaken ground that the Coloured people themselves do not desire to mix with Europeans.

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While the Nationalists propose to bring about complete separation between the races within a definite period, General Hertzog declares that the Government intends "to interfere as little as possible with existing rights of ownership or occupation". To which General Smuts adds: "We are not going to interfere with the present *status quo*, but we are going to peg the present position, to see that it does not develop further".

In comparison with the Nationalist policy, this proposal is certainly lenient. Nevertheless, if it were to become law an important change would have been effected in the status of the Coloured people in the Cape Province and Natal. When General Hertzog first outlined his Bantu segregation policy in 1925, he stated categorically that such a policy would not be applied to the Coloured people, since they belonged with the Europeans. No people can be expected without resentment to submit to the loss of rights long enjoyed, particularly if the motives behind the deprivation place a stigma on their race. Moreover, with the recent history of this country to guide them, how can the Coloured people be sure that this new dose of discriminative legislation will be the last?

The announcement of the Government's segregation programme brought to a head the anti-segregation movement that for some time had been agitating the Coloured people. The movement had started as a protest against the Nationalist segregation campaign, and, as the latter gathered momentum, so did excitement steadily rise among the Coloured people. Numerous anti-segregation meetings were held and anti-segregation petitions were circulated. Attempts were made (and are apparently still continuing) to galvanise into more vigorous life a non-European front consisting of Coloured people, Bantu and Indians in order to fight segregation, which now affects all three peoples, though in varying degrees. A number of churches of British origin supported the Coloured protests. The federal council of the Dutch Reformed Church,

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on the other hand, passed a motion in favour of segregation.

The first official intimation of the Government's segregation policy was given on March 21. Soon afterwards there came an announcement that on an appointed date Coloured meetings of protest would be held throughout the country, while on a given Sunday there were to be special prayers in all the Coloured churches. On the evening of March 28 a protest meeting attended by a crowd of over 10,000 Coloured people (according to a newspaper estimate) was held on the Parade in Capetown. The meeting, which was perfectly orderly, broke up at ten o'clock, when most of those present joined a procession, which, it was intended, should march past Parliament House. Some distance up Parliament-street the police ordered the leaders of the procession to turn into another street. A section of the people, however, continued their course, sweeping the police out of their way and injuring four of them.

After the Parade meeting had closed, some property was damaged in various parts of Capetown. Police vans traversed the city breaking up bands of demonstrators. In a number of cases, so it was alleged, the police attacked quite innocent people. The Minister of Justice (General Smuts) at first pooh-poohed the allegations, but later, when more evidence was produced, he said that his department found it very difficult to get at the facts, since the aggrieved persons refused to bring their complaints to the police. He guaranteed fair treatment to any Coloured complainant who came forward; but he would not agree to a commission of inquiry. Here the story must break off for the time being.

Union of South Africa,
April 1939.

NEW ZEALAND

I. EXCHANGE CONTROL

AT the end of 1938 New Zealand was able to look back upon a year described by the Prime Minister as one of record prosperity. Whether or not "prosperity" is the right word to use, it seems clear that the combined effect of the Government's policy and several satisfactory export seasons had produced a year in which internal wage levels, business activity, employment, and individual spending were higher than ever before. The figures for motor-vehicle licences, radio licences, totalisator receipts, telephone connections and notes in circulation reached new high levels, while the number of marriages constituted a record for the Dominion. The manager of one of the largest retail stores was reported as saying, "It's the best year we've ever had. The people are easy to please and apparently have plenty of money to spend." Nevertheless there were other signs—signs that the fates would not be so kind to the Government in its second term of office as they were in its first. The excess of deposits in the post office savings bank, which had taken place in 1937, had changed by the end of 1938 to a substantial excess of withdrawals; exports were declining not only in value but also in quantity; advances to the Government by the Reserve Bank for purposes other than marketing were rapidly increasing; and the latter part of 1938 saw a rapid fall in the sterling funds held in London by the Reserve Bank and the trading banks.* It was apparent that the country, as well as its citizens, had been drawing on its bank balance; and the close of the year was marked by

* See table below, p. 654.

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the gazetting of the export licences regulations and the import control regulations.* This, however, was not sufficient to deter New Zealanders from enjoying, in the words of a Labour newspaper, "the happiest and the best spending Christmas New Zealand has ever known".

With the Christmas season over, and the importers beginning to receive the first batches of their import licences from the customs authorities, the country settled down to take stock of its difficulties. The importers discovered that, as had been feared, imports were to be drastically reduced. The working rule adopted by the customs authorities, on instructions from the Minister (Mr. Walter Nash), was to issue licences for the first six months of 1939 based on each importer's figures for the first six months of 1938, with such modifications as the Government's policy required. The nature of these modifications was not disclosed, and all that importers knew was that some had received no licences at all, some had received licences for more-or-less reduced quantities, and some had received licences for all they wanted. No clear plan was discernible, and there were many anomalies and hardships. The importers, assisted by the press, made vehement protests about the difficulty of doing business under these conditions, and the Minister was subjected to strong criticism for his secrecy, which was described as "arrogant silence", "autocratic and inexplicable reticence" and so on. The Minister did not help matters by saying, in reply to certain overseas comment, "They are still guessing, and they will go on guessing". An Auckland body known as the Bureau of Importers decided to challenge the validity of the regulations before the Supreme Court, whereupon the Prime Minister replied: "What the Government has not authority to do it will soon have authority to do. That is all I will say about that at this stage." It is not surprising that New Zealand importers were in January very angry men.

* See THE ROUND TABLE, No. 114, March 1939, p. 335.

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Yet the more far-sighted members of the business community were even then able to take a more reasonable view. A past president of the Associated Chambers of Commerce pointed out that the time was not one for recrimination, that in a democratic country the electorate must take its share of the responsibility, and that if the Prime Minister would take the people into his confidence, and say that we must tighten our belts and pay for the glorious picnic of the last three years, he could be assured of public-spirited co-operation by everyone. But the Prime Minister rejected even this olive branch and said: "I do not agree with that philosophy and all I can say is that we are not going to tighten our belts". The Minister of Finance was more accommodating. In addition to replying by letter to points raised by a previous deputation of importers, on January 25, less than two months after the imposition of the regulations, he explained his policy to a conference in Wellington, convened by the Associated Chambers of Commerce and attended by over seven hundred business men from all parts of New Zealand.

The rapid fall in sterling funds was due, he said, to three causes: first, the repatriation of funds left in the country after the raising of the exchange premium on London in 1932; secondly, a concerted effort on the part of some New Zealanders to send their money out of the country; and, thirdly, the increased importation of goods. He did not propose to go into the origin of the last cause, but for the calendar year 1938 exports were approximately £8.2 million sterling short of the amount required to pay for imports and debt and other services for that year. During the coming year, moreover, certain loans, both government and local body, were falling due in London, and if these were to be repaid £18.5 million sterling would be required for the purpose. Further, the accelerated defence expenditure meant that large quantities of goods needed for the three defence arms would entail a heavy charge on sterling funds. To meet this situation the Government

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had three courses open to it: to increase tariffs, to allow the New Zealand pound to depreciate, or to control exchange and ration imports. The Government had decided to take the last course, but each one of the possible courses involved a restriction of imports. In the view of the Government, if imports had to be reduced, it was but common sense to select the imports desired. Unless they found a way of extending manufactures in the Dominion, there was no future for quite a large section of the young people. Imports would therefore be selected in the following order: first, the fertilisers and equipment necessary for primary production; secondly, the capital equipment and raw materials necessary for secondary industry; as to the rest, the principle would be that first preference would be given to the United Kingdom. He went on to say that the Government could now see for the first time what happened to the proceeds from the sale of exports, which had in the past been partially known to the trading banks and the Reserve Bank; it was only during the last six weeks that the Government had begun to see the ramifications of credit and currency and their effect on sterling funds. He concluded with an appeal for co-operation and an undertaking to remove as far as humanly possible any hardships or anomalies.

The conference then proceeded to prepare a series of written questions to the Minister, and on the second day he attended in person to answer them. Among the important points arising from his answers were these. The duration of the system depended upon the attainment of its objectives; the objectives were to conserve sterling funds in order to provide for debt services and other commitments overseas, for raw materials for New Zealand industry, and for the import of goods that could not be economically produced in New Zealand. It was not practicable to make public the basis upon which import licences were allocated, nor at present to publish a list of prohibited commodities; nor was it possible to state more

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definitely than he had already indicated the amount by which he expected to reduce imports in the current year. Subject to the protection of local industry, special consideration would be given to overseas firms that were prepared to send goods to the Dominion and leave the proceeds for investment within the country. No transfers of licences would be permitted.

The conference passed resolutions condemning the regulations as impracticable, unnecessary and unjust, and advocating an alternative scheme under which the Government would (a) fix the amount of sterling each importer could use for twelve months, on a basis of the last, say, three years' average, less the percentage necessary to conserve sterling funds; (b) protect local manufactures by listing such goods as were to be prohibited from entry or allowed only under permit; (c) vary the direction of trade by listing goods subject to restriction from certain countries; and (d) set up an import tribunal of business men and government officials to hear and decide appeals. A committee of the conference subsequently published a series of statements in reply to the Minister. As to the Minister's three reasons for the fall in London funds, it was said that the repatriation of funds left in the country should have been anticipated by a Government which had taken office upon an undertaking to reduce the exchange premium and had not done so; that the flight of capital from New Zealand had been due to fear or discouragement caused by the Government's policy; and that over-importation had been due to the gross over-spending by the Government and its huge imports for public works. Generally, the causes were not unavoidable and unalterable—they were the logical sequence of events which the Government itself had set in motion, and of which it should have long ago anticipated the results. The scheme adopted was not the only suitable one: wholesale coercion was unnecessary, and a voluntary restriction as adopted by Australia in 1930 would have sufficed. The scheme of

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import selection to protect local industries, which the Government, as an afterthought, had grafted on the control of exchange, was ill-conceived, unscientific and uneconomic. It was the result of no proper survey or plan relating to the capacity of New Zealand industry to fill the gap. Finally, the Minister was taken severely to task for refusing to make public the basis of the allocations or to say how long the restrictions would continue.

It is as yet too early to judge the effects of the import control regulations and the degree of their success in attaining the objectives set out by the Minister of Finance, but certain trends may already be noticed. Financially, the trend is unfavourable. The following table gives a picture of the situation.

(In £N.Z. million.)

Year.	Net Overseas Assets of Banking System. <i>Last Monday in March.</i>	Reserve Bank "other" advances to Government. <i>March.</i>	Reserve Bank Ratio %.*	Notes in Circulation <i>Average for year ending March.</i>	Imports.	Exports.
					<i>Total for year ending March.</i>	
1935	41.8	—	97.2	6.3	32.6	44.9
1936	44.1	—	98.5	6.6	37.4	49.7
1937	34.4	0.8	72.8	7.9	47.6	60.2
1938	26.6	—	74.1	9.1	58.1	65.0
1939	9.3	12.0	25.4	10.2	54.4	57.9

Month.	<i>Last Monday in Month.</i>		<i>Average.</i>	<i>Total for Month.</i>		
1938						
Jan.	23.0	1.1	67.3	9.7	5.6	7.5
Apr.	28.6	—	81.7	10.6	4.5	4.5
July	23.3	1.9	70.6	9.6	4.6	3.8
Oct.	11.9	6.8	46.1	10.8	4.3	2.2
1939						
Jan.	7.3	11.1	25.8	11.0	4.7	6.2
Feb.	9.1	12.8	25.8	11.0	4.8	6.2
Mar.	9.3	12.0	25.4	11.2	4.4	7.7

* By statute the Reserve Bank is required to maintain in gold and sterling exchange a reserve of not less than 25 per cent. of its notes in circulation and other demand liabilities.

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The "other" advances to the Government are advances other than those to the Primary Products Marketing Department, which are covered by unsold produce. A fairly large amount of these "other" advances must also be covered by the assets created by the progress of the housing scheme, but no official figures on the point are available.

It must be remembered that under past Governments over-importation was usually met by the raising of a loan in London, especially where the imports concerned were largely capital goods for public works and allied purposes. The present Government has from the beginning set its face against any such loans. It is not suggested, of course, that the steady depletion of sterling funds since Labour came into office has been due entirely to the import of capital goods, but for the calendar year 1937 only about one-third of all goods imported were finished consumers' goods, while for the calendar year 1938 this proportion was still less. These facts, while indicating where the money has gone, also show how difficult is the task facing the Minister of Finance in his endeavour to use the import control regulations to build up funds in London and at the same time develop local industry (or even keep local industry going at its past level). A rough estimate indicates that, even if imports of finished consumers' goods (including many essential commodities which cannot be produced in New Zealand) were cut by half, the problem would not be solved. Within his own party the Minister has been severely criticised for not applying control much sooner, when it could have been flexible and have caused much less hardship than the present emergency remedy. Indeed, it is difficult to understand why the declared policy of the Labour party was not seen to demand such a selective control in its first term of office.

The obstinate refusal of the sterling funds to rise in the manner hitherto considered normal in the months when exports are creating credits in London is due also to other

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factors. The demand for London funds to pay for imports ordered before the control was imposed has been heavy. It is not known to what extent imports for government departments have been restricted; certainly, imports for defence purposes have been large, and are bound to increase. Some types of exchange transaction that are not affected by either the import or the export regulations, and that normally went through the banks, have probably been diverted to other channels, where it is believed that an "unofficial" exchange rate has developed. Local industry requires new capital equipment, which must be imported. Finally, there is the decline in primary production. Indeed, it seems that sterling funds will not rise very much this year.

II. PROBLEMS OF PRODUCTION AND LABOUR.

The decline in the volume of primary production has been mainly confined to the dairying industry. For the export year ending July 1938 the quantity of butter-fat exported was 7 per cent. less than in the previous year, while for the seven months ending February 1939 the decline was 9 per cent. in comparison with the corresponding period in 1937-38. For the same comparative periods the killings of pigs fell by 20 per cent. The number of dairy cows has been falling steadily since 1936. The indications are that there is a definite tendency to change over to sheep. On April 30, 1938, there were over 32 million sheep in the Dominion, more than ever before, and it is estimated that even this figure will be exceeded at the end of the current season. The killings of lamb increased by 10 per cent. between the two seven-months periods mentioned, although this season's total is not expected to exceed last season's. On the other hand, the United Kingdom market for meat is now restricted, and the plight of the sheep-farmer proper—that is to say, the breeder and wool-grower—is said to be desperate.

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In January the president of the New Zealand Farmers' Union addressed a letter to the Prime Minister in which he said that the high costs of sheep-farming could not be met out of the comparatively low revenue, that the sheep-farmer could not pay competitive rates for labour, that rates and land tax were a heavy burden, and that on all types of land, including the very best, finance was not available for maintaining the fertility of the land. His executive was of the opinion, he said, that millions of acres of grazing land would soon be forced out of production, and he asked that the Government urgently appoint a Royal Commission to enquire into the problem.

The Government, however, has attacked the task of developing local industry with vigour and enthusiasm. A "Buy New Zealand Goods" campaign was opened in December and has been actively continued. Early in March the Prime Minister began a tour of inspection of local factories which was given good publicity in the press. It is clear that many new minor industries will be established, and most existing ones will expand. Of major industries it is as yet too early to judge, except that the Bureau of Industry is considering applications for a licence for the manufacture of motor tyres, and most of the important oversea tyre firms are among the applicants. Another new project is the re-survey of the Taranaki iron sands in the hope that modern research may have discovered some new method of smelting this potentially valuable but hitherto intractable deposit. The Onekaka steel project* is still hanging fire, and London experts are now in the Dominion making further investigations.

It may be said that in all this interest in local industry the Government is making a virtue out of necessity. This, however, is not the whole truth. The development of local industry in order to provide New Zealand with a more balanced economy has long been part of the Labour

* See THE ROUND TABLE, No. 111, June 1938, p. 645.

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party's policy, and Mr. Sullivan was by no means inactive in his first term of office. Indeed, in 1938 the number of workers engaged in secondary industry exceeded 100,000 for the first time. At the annual meeting of the Manufacturers' Association last November the President said that during the past three years the Minister's courtesy, push and vision had helped them through many difficulties. While, he added, there was a feeling among them that there had been a lack of progress, they had no complaint against him personally. They had no hesitation in offering him their full co-operation in the efforts he was making to assist industries in the Dominion. The point is that, whereas action to implement the policy was formerly desirable, it is now imperative.

Nevertheless, the import regulations found the Government without any detailed and coherent plan for local industry. In a speech to the Labour party caucus in February, Mr. Sullivan said that the task was one of herculean proportions, involving problems of raw materials, labour supply, finance, markets, prices, and standards of quality, but it had been manfully tackled with excellent results. He had set up a departmental committee to consult with representatives of industry and advise the customs department what goods could be made in New Zealand and what could not. This committee had been working almost day and night since the introduction of import restrictions, discussing with manufacturers the extent to which they could expand and supply New Zealand with the commodities required. It is clear that the country was entitled to expect something better than this hasty improvisation.

Of the problems mentioned by the Minister, that of labour is of immediate importance. The labour required will be very largely skilled males and semi-skilled females (the proportion of these for one city was given as five males to four females), and it is just this type of labour which it is most hard to obtain. In its search for skilled

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labour for its housing scheme, the Government has had to import several hundred men from Australia, while the demand for young women in shops, offices and factories has for some time exceeded the supply. To find more men it is natural to turn to the 20,000 or so who are employed on public works. The Prime Minister has said that it is the general policy to take men off public works and put them into industry, and it was announced late in February that the Government had asked the Manufacturers' Federation to make arrangements to take 8,000 men in six weeks. The manufacturers, however, complained that men who had been employed on public works were disinclined to enter factories, and when forced to do so had not always been satisfactory. The President of the Manufacturers' Federation said: "If an industry is prepared to work an additional shift mainly for the purpose of training new workers, but requires a subsidy while this male adult labour is being trained, then I think the Minister of Labour will give such a request his sympathetic consideration". It appears, therefore, that the Government cannot hope to transfer any large number of its employees to the pay-rolls of private industry without paying something for the privilege.

The labour problem has also its wider aspects. There are the major issues of co-operation between employers and employees, and of the willingness of the worker to give full value for his high wages. There have been many allegations of slacking, and one prominent business man went so far as to say that there was now less work done for more money than at any other time in the country's history. Cabinet Ministers have been frank in their condemnation of those described by the Minister of Public Works as "scroungers". The Prime Minister on his visits to factories has not lost the opportunity to urge upon the workers the necessity of an increased output. Soon after he took over the portfolio of Labour from Mr. H. T. Armstrong, Mr. P. C. Webb said that "we cannot

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take more out of the national income pool than we put into it. We must increase production and we must avoid industrial friction." He followed this up in the next month (January) by calling, in the principal cities, conferences representative of every branch of industry, both workers and employers. In his address to the Wellington conference he appealed for co-operation in the national interest, and suggested that a council might be appointed, at which every question affecting industry might be discussed with an unbiased mind, and representatives might approach all problems from the point of view of New Zealand. The conferences enthusiastically supported the Minister's plan, decided to set up both national and local councils, and displayed a general feeling of goodwill and determination to overlook sectional interests. The Minister is a believer in the conference procedure, and in an outspoken statement on February 22 he announced his intention of calling a national conference between shipowners and water-siders to end "the inefficiency which unfortunately prevails in many New Zealand ports". The Minister's action was not by any means premature; for shipowners have complained bitterly of the labour cost of handling cargo on the New Zealand wharves.

In addressing the conference in Wellington on March 9, the Minister said that, whatever the causes, if things were to continue as they were the water-front would be held up as the laughing-stock of New Zealand, if not also of other parts of the world. The conference was also addressed by the Minister of Finance, who pointed out that there was not a single hold-up on the water-front, whether by the shipowners or by the water-siders, which did not have a detrimental effect on the national economy; and by the Minister of Public Works, who said that if he worked on the principle now adopted on the water-front it would cost him twice as much as it did to make a mile of railway or road. The Minister for Housing (who was formerly Minister of Labour) suggested that, if the trouble could

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be traced to the wilful inefficiency of individual workers, then the union should be given power to discipline them, by expulsion if necessary. As a result of the conference's deliberations, a new national organisation is to be set up to report to the Minister upon new methods of employing labour and of utilising more efficiently the labour available, and to use every endeavour to prevent stoppages. Nevertheless within a fortnight a major stoppage occurred at Wellington, where the water-siders, irritated over what they thought was unreasonable delay in the issue of their new wages award, adopted "go-slow" tactics, and consequently were dismissed *en masse*. After a meeting at which they were alternately cajoled and threatened by the Ministers of Labour and of Marine, they agreed to return to work, but by then the whole port had been idle for several days. In addressing himself to the problem of water-front labour, the Minister has indeed tackled a thorny task, and his policy is in this respect still wanting in results.

Agricultural labour also is likely to give the Minister much trouble. Seasonal labour was with difficulty found last year by taking men off public works, but according to the farmers the problem of permanent labour has become acute. At this point there is felt most keenly the impact of the comparatively unsheltered market for primary produce upon the sheltered wage-market of the New Zealand worker. The farmers complain that they cannot afford to provide either wages or conditions comparable with those provided either upon public works or in industry. In February an abortive and somewhat bellicose conference took place between the Farmers' Union and the New Zealand Workers' Union on the subject of a new wage agreement. The conference met again in March under the chairmanship of the Minister of Labour, and appointed a committee to continue the discussions, but no solution is yet in sight. The workers demand increases upon the scale provided by the Agricultural Workers'

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Order of 1937, increases which the farmers say they are quite unable to give.

III. BRITISH COMMONWEALTH RELATIONS

IN spheres somewhat wider than the purely domestic there have been two interesting developments. The first is the arrival of Sir Harry Batterbee, the newly appointed High Commissioner for the United Kingdom in New Zealand. New Zealand is now in line with the other Dominions in carrying out the spirit of the resolutions of the Imperial Conference of 1926 by having in New Zealand a direct representative of the United Kingdom Government. The flippant citizen delighted in repeating the rumour that the appointment had a more sinister significance, but at the state luncheon to Sir Harry Batterbee the Prime Minister said that rumour was not always correct, and stressed the value of personal contact with a representative of the British Government, who could give expression to the mind behind the communications and interpret the one Government to the other.

The second development is the announcement that a conference is to be held in New Zealand between representatives of the United Kingdom, Australian and New Zealand Governments to discuss Pacific questions of mutual interest, with special reference to defence. The holding of this conference is of peculiar interest in the light of the discussions at the British Commonwealth Relations Conference in Sydney,* where it was suggested that each Dominion should take a wider regional responsibility for defence as a natural extension of its home-defence requirements, and that this involved a strategic study over the whole area in which the Dominion was situated with a view to possible active defence measures in that area. The forthcoming conference may achieve more than a plan for pooling Australian and New Zealand resources

* See THE ROUND TABLE, No. 113, December 1938, p. 38.

BRITISH COMMONWEALTH RELATIONS

in an emergency : it may pave the way for regional Imperial Conferences as a new technique of Commonwealth co-operation.

The fact that it has been called at the instigation of New Zealand is encouraging evidence of the Government's attention to the defence problem. The Government is not given to making pronouncements upon the subject, and in this respect has stood during the last six months in marked contrast to the other Governments of the British Commonwealth. Nevertheless a great deal of quiet work is being done. The territorial force has now reached a state of efficiency surpassed only in the best years of compulsory training, and the development of the air force is proceeding apace. Most of the Vickers "Wellington" bombers will arrive this year, and the aerodromes and equipment will be ready for them. Great progress has been made with the territorial air squadrons, and the Government will this year receive a further 109 reserve planes released by the United Kingdom Government for training purposes. An instance of the energy with which the ground equipment—hitherto the principal retarding factor—is being prepared is given by the new aerodrome and hangars at Blenheim for the Marlborough territorial air squadron; although work on this aerodrome has only just started, it is intended to be completed and fully equipped by September, at a cost of £100,000.

New Zealand,
April 1939.

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